

Unaudited Annual Financial Statements



2018/2019

SWARTLAND MUNICIPALITY

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SWARTLAND MUNICIPALITY

GENERAL INFORMATION AT 30 JUNE 2019

Swartland Municipality (the municipality) is a category B, medium capacity, local government institution in Malmesbury, Western Cape. The addresses of its registered office and principal place of business are disclosed hereunder and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

Reporting entity's mandate

The reporting entity (hereinafter 'the Entity') is a medium-capacity, category B local authority established in terms of section 151 of the Constitution of the Republic of South Africa (Act 108 of 1996).

The principal activities of the Entity are to:

- * provide democratic and accountable government to the local communities;
- * ensure sustainable service delivery to communities;
- * promote social and economic development;
- * promote a safe and healthy environment; and
- * encourage the involvement of communities and community organisations in the matters of local government.

The Entity's operations are governed by the Local Government: Municipal Finance Management Act (MFMA) (Act 56 of 2003), Municipal Structures Act (Act 117 of 1998), Municipal Systems Act (Act 32 of 2000) and various other acts and regulations.

MAYOR	Councillor T van Essen
DEPUTY MAYOR	Councillor M S I Goliath
SPEAKER	Councillor M Rangasamy

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE:

Chairperson	Councillor T van Essen
Member	Councillor M S I Goliath
Member	Councillor O M Stemele
Member	Councillor M van Zyl
Member	Councillor R F Van der Westhuizen
Member	Councillor P E Solomons

CHAIRPERSONS OF THE PORTFOLIO COMMITTEES :

Municipal Manager, Administration and Finances	Councillors C Daniels
Civil and Electrical Services	Councillor N Smit
Development Services	Councillor JM de Beer
Protection Services	Councillor DG Bess

MEMBERS OF THE PERFORMANCE AND RISK AUDIT COMMITTEE:

Chairperson	Ms M Roos
Member	Mr C B de Jager
Member	Mr R I Kingwill

GRADING OF THE LOCAL AUTHORITY:

Grade 4

AUDITORS:

Auditor-General			
No 17			
Park Lane Building			
Cnr Oasis and Park Lanes	Private Bag X 1		
Century City	Chempet	Telephone	021-528 4100
7441	7442	Fax	021-528 4201

BANKERS:

Standard Bank			
3 Church Street	Private Bag X 4		
MALMESBURY	MALMESBURY	Telephone	022-482 1105
7300	7299	Fax	022-482 1833

SWARTLAND MUNICIPALITY

GENERAL INFORMATION AT 30 JUNE 2019 (continued)

LEGAL COUNCEL

Terblanche, Slabber and Pieters

8 Truter Street

MALMESBURY
7300

P.O. Box 38

MALMESBURY
7299

Telephone

022-482 2978

Fax

022-482 1749

Du Plessis and Mostert

13 Piet Retief Street

MALMESBURY
7300

P.O. Box 5

MALMESBURY
7299

Telephone

022-482 1101

Fax

022-482 1248

Roux and Van Dyk

42 Main Road

MOORREESBURG
7310

P.O. Box 4

MOORREESBURG
7310

Telephone

022-433 2206

Fax

022-433 1940

REGISTERED OFFICE:

1 Church Street

MALMESBURY
7300

Private Bag X 52

MALMESBURY
7299

Telephone

022-487 9400

Fax

022-487 9440

ACCOUNTING OFFICER:

J J Scholtz

DIRECTOR: FINANCIAL SERVICES:

M A C Bolton

COUNCIL MEMBERS OF THE SWARTLAND MUNICIPALITY
Councillor

Bekebu Z

Bess D G

Daniels C

De Beer J M

Goliath M S I

Humphreys F S

Maart E S M

Mc Quire V D

Mfutwana L E

Papers C H

Penxa B J

Councillor

Philander D B

Rangasamy M A

Smit N

Sneewe A M

Solomons P E

Stanley B J

Stemele O M

Van Der Westhuizen R F

Van Essen T

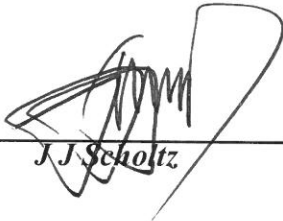
Van Zyl M

Zatu N S

SWARTLAND MUNICIPALITY**ANNUAL FINANCIAL STATEMENTS****for the year ended****30 June 2019*****APPROVAL OF ANNUAL FINANCIAL STATEMENTS***

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 106 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors and political office bearers as disclosed in note 32 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



J.J. Scholtz

30/08/2019
Date

SWARTLAND MUNICIPALITY**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019**

	Note	2019 R	2018 Restated R
ASSETS			
Current assets		650 069 176	561 673 512
Cash and Cash Equivalents	2	525 984 861	460 799 391
Receivables from Exchange Transactions	3	61 630 836	56 180 604
Receivables from Non-Exchange Transactions	4	35 601 213	25 189 091
Inventory	5	17 634 123	15 380 189
VAT Receivable	6	9 170 110	4 054 077
Operating lease receivable	7	47 342	67 266
Current Portion of Finance Lease Receivables	12	691	2 894
Non-current assets		1 966 310 996	1 962 363 136
Property, plant and equipment	8	1 918 912 295	1 920 120 016
Investment property	9	45 091 092	39 948 164
Intangible Assets	10	1 185 032	1 171 688
Heritage Assets	11	1 119 900	1 119 900
Finance lease receivables	12	2 677	3 368
Total Assets		2 616 380 172	2 524 036 648
LIABILITIES			
Current liabilities		124 573 106	136 534 181
Payables from exchange transactions	13	80 762 964	98 541 024
Consumer deposits	14	12 750 568	11 775 133
Current portion of Employee benefit liabilities	16	3 770 907	3 192 779
Current Portion of long-term borrowings	15	9 689 461	9 358 721
Unspent conditional grants and receipts	17	12 839 117	6 252 694
Provisions	16	4 700 250	7 329 591
Operating lease liability	7	59 839	84 239
Non-current liabilities		218 442 537	226 674 173
Long-term borrowings	15	119 987 088	131 003 914
Employee benefit liabilities	18	67 899 606	67 785 383
Provisions	16	30 555 843	27 884 876
Total Liabilities		343 015 643	363 208 354
NET ASSETS			
Total Net Assets		2 273 364 529	2 160 828 294
Statutory Funds	19	3 368	6 262
Reserves	20	191 815 807	181 164 978
Accumulated Surplus	21	2 081 545 354	1 979 657 054
Total Net Assets and Liabilities		2 616 380 172	2 524 036 648

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Actual 2019 R	Restated Actual 2018 R
REVENUE			
Revenue from Non-exchange Transactions		323 069 358	316 856 059
Taxation Revenue		114 880 432	102 723 624
Property rates	22	114 880 432	102 723 624
Transfer Revenue		176 456 536	177 666 859
Government grants and subsidies: Operating	23	48 045 174	39 436 405
Government grants and subsidies: Capital	23	45 838 416	56 742 562
Unconditional Government grants	23	82 048 000	70 560 000
Public Contributions and donations	24	316 747	3 426 493
Donated Property, Plant and Equipment		208 199	7 501 399
Other Revenue from non-exchange transactions		31 732 390	36 465 576
Fines	25	27 702 812	32 631 123
Licences and permits	26	4 029 578	3 834 453
Revenue from Exchange Transactions		450 200 706	411 465 116
Operating Activities		450 200 706	411 465 116
Service charges	27	389 140 953	358 605 434
Rental of facilities and equipment	28	1 528 965	1 581 858
Interest earned - external investments	29	40 174 471	31 923 651
Interest earned - outstanding debtors	29	2 614 542	1 967 388
Income for agency services		4 373 231	4 051 972
Operational Revenue	30	12 368 544	13 334 813
Total Revenue		773 270 064	728 321 175
EXPENDITURE			
Employee related costs	31	193 951 925	181 157 114
Remuneration of councillors	32	10 369 396	9 913 122
Bad Debts Written Off		32 708 720	11 920 819
Depreciation and asset impairment	33	86 658 326	83 872 349
Finance charges	34	14 277 679	15 512 425
Bulk purchases	36	194 308 453	178 604 273
Other materials	37	25 940 064	17 545 478
Contracted services	38	86 794 352	68 665 803
Transfers and subsidies	39	2 565 193	2 471 270
Operational Costs	40	26 023 886	25 114 748
Total Expenditure		673 597 994	594 777 401
Operating Surplus/(Deficit) for the Year		99 672 070	133 543 774
Reversal of Impairment Loss/(Impairment Loss) on Receivables		9 636 858	(16 371 216)
Gains/(Loss) on Sale of Fixed Assets		1 468 768	1 053 304
Gains/(Loss) on Sale of Land		4 139 583	7 988 576
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		180 807	(1 249 955)
Water Losses		(2 561 851)	(3 592 978)
NET SURPLUS/(DEFICIT) FOR THE YEAR		112 536 235	121 371 505

SWARTLAND MUNICIPALITY**STATEMENT OF CHANGES IN NET ASSETS**
FOR THE YEAR ENDED 30 JUNE 2019

	Statutory Fund R	Reserves R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 01 July 2017	10 263	142 577 746	1 913 092 043	2 055 680 052
Correction of error (Note 57)	-	-	(953 682)	(953 682)
Restated balance	10 263	142 577 746	1 912 138 361	2 054 726 370
Correction of error (Note 57)			(15 269 581)	(15 269 581)
Restated Surplus for the year	-	-	121 371 505	121 371 505
Transfer to Capital Replacement Reserve	-	82 367 111	(82 367 111)	-
Property, plant and equipment purchased	-	(43 779 879)	43 779 879	-
Transfer to Statutory Fund	(4 001)	-	4 001	-
Restated Balance at 30 June 2018	6 262	181 164 978	1 979 657 054	2 160 828 294
Surplus for the year	-	-	112 536 235	112 536 235
Transfer to Capital Replacement Reserve	-	51 214 749	(51 214 749)	-
Property, plant and equipment purchased	-	(40 563 920)	40 563 920	-
Statutory Fund	(2 894)	-	2 894	-
Balance at 30 June 2019	3 368	191 815 807	2 081 545 354	2 273 364 529

SWARTLAND MUNICIPALITY**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 R	2018 Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Cash receipts from ratepayers, government and other		735 821 020	661 098 639
Cash paid to suppliers and employees		(597 080 515)	(461 128 109)
Cash generated from operations	42	138 740 505	199 970 530
Interest received	29	40 174 471	31 923 651
Finance costs	34	(14 277 679)	(15 512 425)
NET CASH FROM OPERATING ACTIVITIES		164 637 297	216 381 756
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(87 735 849)	(93 622 642)
Purchase of intangible assets	10	(207 073)	(7 434)
Purchase of investment properties	9	(2 294 480)	-
Heritage Assets	11	-	-
Proceeds on disposal of property, plant and equipment		1 468 767	1 053 304
Decrease in long- term receivables	12	2 894	4 001
NET CASH FROM INVESTING ACTIVITIES		(88 765 741)	(92 572 771)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		(10 686 086)	(11 899 543)
NET CASH FROM FINANCING ACTIVITIES		(10 686 086)	(11 899 543)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		65 185 470	111 909 442
		65 185 470	111 909 442
Cash and cash equivalents at the beginning of the year		460 799 391	348 889 949
Cash and cash equivalents at the end of the year	2	525 984 861	460 799 391

The purchase of property, plant and equipment does not include the contributed non- financial assets to the amount of R 1 510 030 and Investment Property of R 3 625 000.

SWARTLAND MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

Description	Original Budget	Budget Adjustments and Corrections	Final Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL POSITION										
ASSETS										
Current assets	525 338 724	89 014 217	614 352 941	-	614 352 941	650 069 176	-	35 716 235	106	124
Cash	383 890 026	111 212 341	495 102 367	-	495 102 367	525 984 861	-	30 882 494	106	137
Consumer debtors	106 251 143	(11 394 507)	94 856 636	-	94 856 636	72 702 466	-	(22 154 170)	77	68
Other debtors	24 594 007	(15 143 341)	9 450 666	-	9 450 666	33 747 726	-	24 297 060	357	137
Current portion of long-term receivables	-	57 900	57 900	-	57 900	-	-	(57 900)	0	0
Inventory	10 603 548	4 281 824	14 885 372	-	14 885 372	17 634 123	-	2 748 751	118	166
Non-current assets	1 848 996 246	110 307 778	1 959 304 024	-	1 959 304 024	1 966 310 996	-	7 006 972	100	106
Finance lease receivables	-	-	-	-	-	2 677	-	2 677	-100	-100
Investment property	52 524 082	(3 885 752)	48 638 330	-	48 638 330	45 091 092	-	(3 547 238)	93	86
Property, plant and equipment	1 794 787 403	114 626 462	1 909 413 865	-	1 909 413 865	1 918 912 295	-	9 498 430	100	107
Intangible	914 861	(432 932)	481 929	-	481 929	1 185 032	-	703 103	246	130
Other non-current assets	769 900	-	769 900	-	769 900	1 119 900	-	350 000	145	145
Total Assets	2 374 334 970	199 321 995	2 573 656 965	-	2 573 656 965	2 616 380 172	-	42 723 207	102	110
LIABILITIES										
Current liabilities	98 711 009	34 283 760	132 994 769	-	132 994 769	124 573 106	-	(8 421 663)	94	126
Current Portion of long-term borrowings	4 954 336	6 535 977	11 490 313	-	11 490 313	9 689 461	-	(1 800 852)	84	196
Consumer deposits	10 935 028	4 044 971	14 979 999	-	14 979 999	12 750 568	-	(2 229 431)	85	117
Trade and other payables	78 479 377	23 193 818	101 673 195	-	101 673 195	93 661 920	-	(8 011 275)	92	119
Current Portion of Provisions	4 342 268	508 994	4 851 262	-	4 851 262	8 471 157	-	3 619 895	175	195
Non-current liabilities	186 865 508	4 937 707	191 803 215	-	191 803 215	218 442 537	-	26 639 322	194	201
Borrowing	118 064 189	129 503	118 193 692	-	118 193 692	119 987 088	-	1 793 396	102	102
Employee benefit liabilities	68 801 319	4 808 204	73 609 523	-	73 609 523	67 899 606	-	(5 709 917)	92	99
Provisions	-	-	-	-	-	30 555 843	-	30 555 843	-	-
Total Liabilities	285 576 517	39 221 467	324 797 984	-	324 797 984	343 015 643	-	18 217 659	106	120
NET ASSETS										
Total Net Assets	2 088 758 453	160 100 528	2 248 858 981	-	2 248 858 981	2 273 364 529	-	24 505 548	101	109
Reserves	151 478 379	31 105 628	182 584 007	-	182 584 007	191 819 175	-	9 235 168	105	127
Accumulated Surplus/(Deficit)	1 937 280 074	128 994 900	2 066 274 974	-	2 066 274 974	2 081 545 354	-	15 270 380	101	107
Total Liability	2 374 334 970	199 321 995	2 573 656 965	-	2 573 656 965	2 616 380 172	-	42 723 207	102	110

SWARTLAND MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

BUDGET COMPARISONS:

FINANCIAL POSITION

Current Assets:

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury. In the Budget Statement of Financial Position consumer debtors consist of receivables from exchange and non-exchange transactions. The budget format does not allow for various debtor balances to be disclosed separately. For this reason Operating leases and VAT are all incorporated under Other debtors whilst Property Rates are incorporated under Consumer Debtors.

Non- Current Assets:

The current portion of Long- Term and Finance Leases Receivables are not included in Current Assets but the net of the Long Term and Finance Lease receivable portion. Heritage assets are incorporated under Other Non- Current Assets.

Current Liabilities:

Unspent conditional grants and receipts and Operating lease liabilities are included under Payables form Exchange Transactions. The current portion of Vat payable and the current portion of Employee benefit liabilities are incorporated in provisions.

Non- Current Liabilities:

Current portion of Finance Lease liabilities are included in Finance Lease Liabilities. Employee benefits are incorporated in provisions. Finance lease liabilities are included in Long term borrowings. Statutory Funds are included in Reserves.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

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SWARTLAND MUNICIPALITY**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

Description	Original Budget	Budget Adjustments and Corrections	Final Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<u>FINANCIAL PERFORMANCE</u>										
<u>EXPENDITURE</u>										
Employee related costs	202 968 396	2 124 904	205 093 300	(482 710)	204 610 590	193 951 925	-	(10 658 665)	95	96
Remuneration of councillors	10 577 970	-	10 577 970	-	10 577 970	10 369 396	-	(208 574)	98	98
Bad Debts Written Off	16 816 923	3 900 649	20 717 572	-	20 717 572	32 708 720	-	11 991 148	158	194
Depreciation and asset impairment	85 062 941	-	85 062 941	-	85 062 941	86 658 327	-	1 595 386	102	102
Finance charges	15 134 957	(405 241)	14 729 716	-	14 729 716	14 277 679	-	(452 037)	97	94
Bulk purchases	211 427 596	(18 273 110)	193 154 486	-	193 154 486	194 308 453	-	1 153 967	101	92
Other materials	12 217 404	17 001 743	29 219 147	744 226	29 963 373	25 940 064	-	(4 023 309)	87	212
Contracted services	95 048 780	(26 921 352)	68 127 428	669 154	68 796 582	86 794 352	-	17 997 770	126	91
Transfers and subsidies	2 882 751	235 839	3 118 590	-	3 118 590	2 565 193	-	(553 397)	82	89
Operational Costs	32 083 628	18 655 608	50 739 236	(930 670)	49 808 566	26 023 886	-	(23 784 680)	52	81
Loss on disposal of property, plant and equipment	2 482 126	-	2 482 126	-	2 482 126	2 381 043	-	(101 083)	96	96
Total Expenditure	686 703 472	(3 680 960)	683 022 512	-	683 022 512	675 979 038	-	(7 043 474)	99	98
NET SURPLUS/(DEFICIT) FOR THE YEAR										
	47 926 610	23 269 742	71 196 352	-	71 196 352	112 536 235		41 339 883		

BUDGET COMPARISONS:**FINANCIAL PERFORMANCE****REVENUE:**

Government grants and receipts: Operating and Unconditional government grants form part of Transfers recognised operational. Public contributions and government grants capital are included in Transfers recognised - capital and contributions recognised capital. Sale of land are included in Other Revenue.

EXPENDITURE

Asset Impairment is included in Depreciation and Amortisation. Repairs and Maintenance is included under General Expenses.

SWARTLAND MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

		Budget Adjustments and Corrections	Final Adjustment Budget						Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Description	Original Budget			Virement	Final Budget	Actual Outcome	Unauthorised	Variance		
<u>FINANCIAL PERFORMANCE BY VOTE</u>										
<u>OPERATING REVENUE BY VOTE</u>										
Corporate Services	9 657 722	753 120	10 410 842	-	10 410 842	9 721 389	-	(689 453)	93	101
Civil Services	204 346 859	14 044 549	218 391 408	-	218 391 408	213 099 250	-	(5 292 158)	98	104
Council Revenue	273 766	-	273 766	-	273 766	262 240	-	(11 526)	96	96
Electricity Services	271 436 277	(250 000)	271 186 277	-	271 186 277	282 650 020	-	11 463 743	104	104
Financial Services	166 453 253	12 408 338	178 861 591	-	178 861 591	187 838 873	-	8 977 282	105	113
Development Services	48 472 160	(18 957 821)	29 514 339	-	29 514 339	42 991 075	-	13 476 736	146	89
Municipal Manager	100 000	-	100 000	-	100 000	54 678	-	(45 322)	55	55
Protection Services	33 890 045	11 590 596	45 480 641	-	45 480 641	36 652 539	-	(8 828 102)	81	108
	734 630 082	19 588 782	754 218 864	-	754 218 864	773 270 064	-	19 051 200	103	105
<u>OPERATING EXPENDITURE BY VOTE</u>										
Corporate Services	29 574 078	1 452 186	31 026 264	648 440	31 674 704	32 509 022	834 318	834 318	103	110
Civil Services	233 976 501	5 347 875	239 324 376	2 387 106	241 711 482	223 528 741	-	(18 182 741)	92	96
Council Revenue	15 750 474	103 464	15 853 938	17 202	15 871 140	15 112 792	-	(758 348)	95	96
Electricity Services	243 011 323	245 754	243 257 077	137 883	243 394 960	242 392 048	-	(1 002 912)	100	100
Financial Services	48 958 648	4 168 276	53 126 924	(3 524 166)	49 602 758	38 753 788	-	(10 848 970)	78	79
Development Services	56 729 271	(30 628 339)	26 100 932	27 962	26 128 894	48 480 576	22 351 682	22 351 682	186	85
Municipal Manager	6 866 138	-	6 866 138	-	6 866 138	6 720 752	-	(145 386)	98	98
Protection Services	51 837 039	15 629 824	67 466 863	305 573	67 772 436	66 100 275	-	(1 672 161)	98	128
	686 703 472	(3 680 960)	683 022 512	-	683 022 512	673 597 994	23 186 000	(9 424 518)	99	98
Operating Surplus/(Deficit) for the Year	47 926 610	23 269 742	71 196 352	-	71 196 352	99 672 070	(23 186 000)	28 475 718		
							-			
<u>CAPITAL EXPENDITURE BY VOTE</u>										
Corporate Services	698 000	2 369 173	3 067 173	(3 000)	3 064 173	2 523 357	-	(540 816)	82	362
Civil Services	52 206 645	(548 883)	51 657 762	(70 000)	51 587 762	50 177 741	-	(1 410 021)	97	96
Council Revenue	5 000	-	5 000	3 018	8 018	8 017	-	(1)	100	160
Electricity Services	15 405 500	458 923	15 864 423	70 000	15 934 423	15 803 639	-	(130 784)	99	103
Financial Services	628 440	(84 514)	543 926	-	543 926	5 714 541	5 170 615	5 170 615	1051	909
Development Services	12 901 624	12 288 397	25 190 021	-	25 190 021	12 211 552	-	(12 978 469)	48	95
Municipal Manager	5 000	-	5 000	(18)	4 982	3 743	-	(1 239)	75	75
Protection Services	5 395 700	131 326	5 527 026	-	5 527 026	5 588 600	61 574	61 574	101	104
Total capital expenditure by vote	87 245 909	14 614 422	101 860 331	-	101 860 331	92 031 190	5 232 189	(9 829 141)	90	105

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SWARTLAND MUNICIPALITY**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

Description	Original Budget	Budget Adjustments	Final Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
CASH FLOWS (continued)										
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15 404 639	15 823 728	31 228 367	-	31 228 367	65 185 470	-	33 957 103	209	423
Cash and cash equivalents at the beginning of the year	368 485 614	95 388 386	463 874 000	-	463 874 000	460 799 391	-	(3 074 609)	99	125
Cash and cash equivalents at the end of the year	383 890 253	111 212 114	495 102 367	-	495 102 367	525 984 861	-	30 882 494	106	137
	15 404 639	15 823 728	31 228 367	-	31 228 367	65 185 470	-	33 957 103	209	423

BUDGET COMPARISONS:**CASH FLOWS****Capital Assets**

Purchase of Property Plant and Equipment includes Intangible Assets, Investment Property and Heritage Assets.

EXPLANATION OF UNAUTHORISED EXPENDITURE

To the best of knowledge no unauthorised expenditure was incurred during the year under review.

EXPLANATION OF MATERIAL VARIANCES**STATEMENT OF FINANCIAL POSITION****ASSETS****Current assets**

	% above norm	
Consumer debtors	-23	The amount was budget as Other Debtors whilst we regarded it as Consumer Debtors. Therefor Consumer Debtors were underspend and Other Debtors overspend.
Other debtors	257	The amount was budget as Other Debtors whilst we regarded it as Consumer Debtors. Therefor Consumer Debtors were underspend and Other Debtors overspend.
Current Portion of Long-term Receivables	(100)	Budgeted for but not required
Inventory	18	Due to GRAP requirement water is included in Inventory.

Non-current assets

Finance lease receivables	(200)	Immaterial Amount
Intangible	146	Budgeted for additions not carrying value
Other non-current assets	45	Addition not budgeted for

SWARTLAND MUNICIPALITY**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019****EXPLANATION OF MATERIAL VARIANCES (continued)**

<u>LIABILITIES</u>	<u>% above norm</u>	
Current liabilities		
Current Portion of long-term borrowings	(16)	Due to Loans transferred from West Coast Districts Municipality in respect of Water Infrastructure not budget
Consumer deposits	(15)	Increase in Consumer deposits received
Current Portion of Provisions	75	Due to the Rehabilitation of the Landfill Sites

FINANCIAL PERFORMANCE

<u>REVENUE</u>		
Property rates	11	Due to the building of houses
Government grants and subsidies: Operating	16	Grants received not budget
Government grants and subsidies: Capital	(13)	Grants not spend, application submitted for roll over.
Public Contributions and donations	(86)	Not Budget
Donated Property, Plant and Equipment	(100)	Not Budget
Fines	(15)	Syntel contract expired. All outstanding fines expired and withdrawals by other service provider
Operational Revenue	11	Increase in demand for facilities

EXPENDITURE

Bad Debts Written Off	158	Syntel contract expired. All outstanding fines expired and withdrawals by other service provider
Other materials	(13)	Due to the mSCOA changes
Contracted services	26	Due to the mSCOA changes
Transfers and subsidies	(18)	Due to subsidies not paid
Operational Costs	(48)	Due to the mSCOA changes

FINANCIAL PERFORMANCE BY VOTE

<u>OPERATING REVENUE BY VOTE</u>		
Development Services	46	Overspend due to incorrect financial treatment (Top Structure) corrected in 2019 and not budget
Municipal Manager	(45)	Underspend due to Lisence fee paid in advance
Protection Services	(19)	Syntel contract expired. All outstanding fines expired and withdrawals by other service provider

OPERATING EXPENDITURE BY VOTE

Development Services	86	Overspend due to incorrect financial treatment (Top Structure) corrected in 2019 and not budget
Financial Services	(22)	Impairment budget not realised and Loss on disposal over budget

CAPITAL EXPENDITURE BY VOTE

Corporate Services	(18)	Underspend due to the budget included VAT in respect of purchase of land for low cost Housing
Financial Services	951	Due to the Rehabilitation of the Landfill Sites and vesting of properties
Development Services	(52)	Housing projects delayed
Municipal Manager	(25)	Due to savings

CASH FLOWS

Cash receipts from ratepayers, government and other	12	More payments received than budget
Purchase of property, plant and equipment	(11)	Underspending of Capital Budget.
Proceeds on disposal of property, plant and equipment	(76)	Lesser value items on auction than expected
Decrease in long- term receivables	(200)	Insignificant amount not budget
Repayment of borrowings	21	Due to the amount of loans redeemed

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where otherwise indicated.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

1. 1. 1 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

1. 1. 1. 1 *Revenue Recognition*

Accounting Policy 1.11.2 on *Revenue from Exchange Transactions* and Accounting Policy 1.11.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered or not. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1. 1. 1. 2 *Financial assets and liabilities*

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management. Accounting Policy 1.8.1 on Financial Assets and Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: *Financial Instruments*.

1. 1. 1. 3 *Impairment of Financial Assets*

Accounting Policy 1.8.3 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, management of the municipality considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. Management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

1. 1. 1. 4 *Impairment of Trade receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors. The total increase in estimation of the impairment of Receivables from Exchange Transactions and that of Receivables from Non-exchange Transactions are disclosed in Notes 3 and 4 to the Annual Financial Statements.

1. 1. 1. 5 *Impairment and useful lives: Write down of Property, Plant and Equipment, Investment property, Intangible assets, Heritage assets and Inventories*

As described in Accounting Policies 1.3.3, 1.5.2 and 1.6.2 the municipality depreciates / amortises its property, plant and equipment, intangible assets and investment property over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 1 BASIS OF PRESENTATION (continued)

1. 1. 1 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

1. 1. 1. 5 Impairment and useful lives: Write down of Property, Plant and Equipment, Investment property, Intangible assets, Heritage assets and Inventories (continued)

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Accounting Policy 1.7 on *Impairment of assets* and Accounting Policy 1.10.2 on *Inventory - Subsequent measurement* describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing and write down of Inventories to Net Realisable Values (NRV). Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: *Impairment of Cash generating Assets* and GRAP 26: *Impairment of non-Cash generating Assets*. In particular, the calculation of the recoverable service amount for PPE, intangible assets and the NRV for inventories involves significant judgment by management.

Estimated impairments during the year to Property, Plant and Equipment, Intangible Assets, Investment Property, Heritage Assets and Inventory are disclosed in Notes 8, 9, 10, 11 and 5 to the Annual Financial Statements, if applicable.

1. 1. 1. 6 Water inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Note 5 to the Annual Financial Statements.

1. 1. 1. 7 Defined Benefit Plan Liabilities

As described in Accounting Policy 1.14, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 16 and 19 to the Annual Financial Statements.

1. 1. 1. 8 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in notes 16 and 55. Accounting policies pertaining to contingent assets and liabilities are disclosed under policies 1.13 and 1.25.

1. 1. 1. 9 Provisions and Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

1. 1. 2 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 1. 3 GOING CONCERN ASSUMPTION

These Annual Financial Statements were prepared based on the expectation that the Municipality will continue to operate as a going concern for at least the next 12 months.

1. 1. 4 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1. 1. 5 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Accounting Policies have been consistently applied, except where otherwise indicated:

For the years ended 30 June 2018 and 30 June 2019 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 1 BASIS OF PRESENTATION (continued)

1. 1. 5 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS (continued)

The municipality changes an accounting policy only in the following instances:

- (a) if it is required by a Standard of GRAP; or
- (b) if it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

Changes in accounting policies that are effected by management are applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 58 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 58 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

1. 1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards were issued but are not yet effective and have not been early adopted by the municipality. The ASB Directive 5, paragraph 28, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

- GRAP 34 Separate Financial Statement issued March 2017
- GRAP 35 Consolidated Financial Statements issued March 2017
- GRAP 36 Investments in Associates and Joint Ventures issued March 2017
- GRAP 37 Joint Arrangements issued July 2016
- GRAP 38 Disclosure of Interests in Other Entities issued March 2017
- GRAP 104 Financial Instruments issued April 2019
- GRAP 110 Living and Non Living Resources issued March 2017
- IGRAP 18 Recognition and Derecognition of Land - Issued March 2017
- IGRAP 19 Liabilities to Pay Levies - Issued August 2017

Standards as listed above will only be effective when a date is announced by the Minister of Finance.

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality as, either the information to a large extent is already included in the notes to the annual financial statements, or the Municipality does not participate in such business transactions.

The ASB Directive 5, paragraph 28, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 11 of the Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

The municipality applied the principles established in GRAP 20 that have been issued but are not yet effective, in developing appropriate Accounting Policies, but have not early adopted these Standard.

Management has considered the above-mentioned GRAP Standard issued but not yet effective and anticipates that the adoption of this standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

1. 1. 7 CONSISTENT ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been consistently applied in the preparation of these consolidated annual financial statements, is disclosed below.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 2 NET ASSETS

Included in the net assets of the municipality, are the following statutory funds and reserves, apart from the Accumulated Surplus, that are maintained in terms of specific requirements:

1. 2. 1 Statutory Fund: Housing (HDF)

Sections 15(5) and 16 of the Housing Act (Act No107 of 1997), which came into operation on 1 April 1998, required that the municipality maintains a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act. Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to this Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were transferred to this Fund. In terms of the Housing Act all proceeds from housing developments, which include rental income and sales of houses, must be paid into this Fund. Funds available in this Fund can only be utilised to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The HDF is backed by cash, receivables and assets. The cash funds in the HDF are invested in accordance with the Investment Policy of the municipality.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

1. 2. 2 Reserve: Capital Replacement (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers. The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Entity.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR.

1. 3 PROPERTY, PLANT AND EQUIPMENT

1. 3. 1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 1. PROPERTY, PLANT AND EQUIPMENT (continued)

1. 3. 2 Repairs and Maintenance

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities. Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

1. 3. 3 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, including Infrastructure Assets, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

1. 3. 4 Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year-end:

Depreciation only commences when the asset is available for use, unless stated otherwise.

	Years		Years
Infrastructure		Buildings	5 - 50
Roads and Paving	10 - 100	Movable Assets	
Stormwater	50	Specialist Vehicles	5 - 20
Electricity	10 - 50	Other Vehicles	5 - 10
Water	10 - 100	Office Equipment	3 - 7
Sewerage	10 - 100	Furniture and Fittings	7 - 10
Landfill Sites	10 - 50	Watercraft	15
Community		Bins and Containers	5
Recreational Facilities	10 - 60	Specialised Plant and Equipment	10 - 15
Security	5	Other items of Plant and Equipment	2 - 5

The assets' residual values, estimated useful lives and depreciation method are reviewed annually for indicators that these factors may have changed and adjusted prospectively, if appropriate, at each reporting date.

1. 3. 5 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

1. 3. 6 Leased assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

1. 3. 7 Infrastructure Assets

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

1. 3. 8 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposal are included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 4 HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

1. 4. 1 Initial Recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary asset, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

1. 4. 2 Repairs and Maintenance

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities. Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

1. 4. 3 Subsequent Measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

1. 4. 4 Derecognition

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of assets.

1. 5 INTANGIBLE ASSETS

1. 5. 1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria is fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 5 INTANGIBLE ASSETS (continued)

1. 5. 1 Initial Recognition (continued)

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1. 5. 2 Repairs and Maintenance

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities. Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

1. 5. 3 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

In terms of GRAP 31, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives.

Amortisation is charged on a straight-line basis over the intangible assets' useful lives. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists.

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

Asset class: Intangible assets

- Computer software / software licenses: 3 -5 years

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified, except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

1. 5. 4 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

1. 6 INVESTMENT PROPERTY

1. 6. 1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 6 INVESTMENT PROPERTY (continued)

1. 6. 1 Initial Recognition (continued)

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality);
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties;
- Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment property.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Discontinued Operations, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is leased to another entity under a finance lease;
- Property held to provide goods and services and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc.; and
- Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment.

1. 6. 2 Repairs and Maintenance

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities. Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

1. 6. 3 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1. 6. 4 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

1. 7 IMPAIRMENT OF ASSETS

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

1. 7. 1 Impairment of Cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 7 IMPAIRMENT OF ASSETS (continued)

1. 7. 1 Impairment of Cash generating assets (continued)

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

1. 7. 2 Impairment of Non-Cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1. 8 FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets*, *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 8 FINANCIAL INSTRUMENTS (continued)

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices; and
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Effective Interest Rate Method

The Effective Interest Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

Amortised Cost

Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or collectability.

1. 8. 1 Financial Instruments - Classification

A Financial Asset is any asset that is cash, a contractual right to receive cash or another financial asset from another entity.

In accordance with GRAP 104 the Financial Assets and Financial Liabilities of the municipality are classified as follows into the three categories allowed by this standard:

- *Financial assets (or financial liabilities) at amortised cost* are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. Financial assets (or financial liabilities) at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less an allowance for impairment.
- *Financial assets (or financial liabilities) at fair value* are financial instruments that meet either of the following conditions:
 - (a) derivatives;
 - (b) combined instruments that are designated at fair value;
 - (c) instruments held for trading;
 - (d) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (e) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.
- *Financial assets (or financial liabilities) at cost* are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

A **financial asset** is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (when applicable);
- Operating lease assets;
- Receivables from exchange transactions;
- Receivables from non-exchange transactions;
- Short-term Investment Deposits (when applicable); and
- Cash and cash equivalents.

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash with banks and call deposits held with banks.

In accordance with GRAP 104 the *Financial Assets* of the municipality are all classified as *financial assets at amortised cost*, except for cash floats and petty cash, which are classified as *financial assets at fair value*.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 8 FINANCIAL INSTRUMENTS (continued)

1. 8. 1 Financial Instruments - Classification (continued)

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

- Financial Liabilities measured at Fair Value;
- Financial Liabilities measured at Amortised Cost; or
- Financial Liabilities measured at Cost.

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Borrowings;
- Unspent conditional grants and receipts;
- Payables;
- Bank Overdraft (when utilised);
- Current Portion of Long-term borrowings; and
- Consumer Deposits.

In accordance with GRAP 104 the *Financial Liabilities* of the municipality are all classified as *financial liabilities at amortised cost*, except for Consumer deposits, which are classified as *financial liabilities at fair value*.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1. 8. 2 Initial and Subsequent Measurement

Financial Assets

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial Assets at Amortised Cost.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

Financial Liabilities

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the Accrual Basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

1. 8. 3 Impairment of Financial Assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****1. 8 FINANCIAL INSTRUMENTS (continued)****1. 8. 3 Impairment of Financial Assets (continued)****1. 8. 3. 1 Financial Assets at Amortised Cost**

An allowance for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Initially receivables from exchange and non-exchange transactions are valued at fair value and subsequently carried at amortised cost using the effective interest rate method, less an allowance for impairment. The allowance is made in accordance with GRAP 104, whereby the recoverability of receivables is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at year-end. Amounts are written off in the year during which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

1. 8. 4 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1. 8. 5 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 9 INVENTORIES

1. 9. 1 Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

1. 9. 2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water and purified effluent are therefore valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

Water inventory is being measured by multiplying the cost per kilolitre of purified water by the amount of water in storage.

Unsold properties

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

Other arrangements

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 10 REVENUE RECOGNITION

1. 10. 1 General

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue is measured at the fair value of the consideration received or receivable and reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1. 10. 2 Revenue from Exchange Transactions

1. 10. 2. 1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are normally read on a monthly basis and are recognised as revenue when invoiced. Where meters are not read monthly, provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month or a property is vacant.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

1. 10. 2. 2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale and if payment is made five days before year-end it is recognised based on an estimate of the prepaid electricity consumed as at the reporting date, which is recognised as an unutilised portion.

1. 10. 2. 3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance when the interest is received.

1. 10. 2. 4 Tariff Charges

Revenue arising from the application of the approved tariff of charges are recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 10 REVENUE RECOGNITION (continued)

1. 10. 2. 5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of the principal has been quantified. The income recognised is in terms of the agency agreement.

1. 10. 2. 6 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1. 10. 2. 7 Rentals

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1. 10. 3 Revenue from Non-exchange Transactions

An inflow of resources from a non-exchange transaction that meets the definition of an asset, is recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability is recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

1. 10. 3. 1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1. 10. 3. 2 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the Time-proportionate Basis that takes into account the effective yield on the investment.

1. 10. 3. 3 Public contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

1. 10. 3. 4 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

1. 10. 3. 5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 11 GOVERNMENT GRANTS AND RECEIPTS

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transfer or, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transfer or has never been enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are available for use.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the grantor it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1. 12 PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken;
 - when the plan will be implemented; and
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1. 13 EMPLOYEE BENEFITS

1. 13. 1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

SWARTLAND MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****1. 13 EMPLOYEE BENEFITS (continued)****1. 13. 1 Short-term Employee Benefits (continued)**

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

1. 13. 2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service) is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

1. 13. 3 Post-retirement benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

1. 13. 3. 1 Defined Contribution plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1. 13. 3. 2 Defined Benefit plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

1. 14 LEASES**1. 14. 1 The Municipality as Lessee**

Leases are classified as **finance leases** where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 14 LEASES (continued)

1. 14. 1 The Municipality as Lessee (continued)

Subsequent to initial recognition, finance leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment, using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The leased asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1. 14. 2 The Municipality as Lessor

Amounts due from lessees under **finance leases** or **instalment sale agreements** are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as revenue and the contractual payments received are recognised as an operating lease asset or liability.

1. 14. 3 Determining whether an Arrangement contains a Lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset.

At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

1. 15 BORROWING COSTS

All Borrowing Cost are treated as an expense in the period in which it incurred.

1. 16 GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

1. 17 VALUE ADDED TAX

The Municipality is registered with SARS for Value Added Tax on the payments basis, in accordance with Section 15(2)(a) of the VAT Act No 89 of 1991, and accounts for VAT on the cash basis.

1. 18 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted or is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

The definition of "vote" for Swartland Municipality is set at the Functional area within the respective department.

Where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 19 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred and is classified in accordance with the nature of the expense. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

Where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1. 20 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred and is classified in accordance with the nature of the expense. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

Where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1. 21 MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities. Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories)

1. 22 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager. Members in the service of the state are also considered to be related parties.

1. 23 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

1. 24 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events are accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date are disclosed in the notes to the Annual Financial Statements.

1. 25 CONTINGENT ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the Annual Financial Statements.

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality.

Commitments are future expenditure to which the municipality has committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. 25 CONTINGENT ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP;
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has not yet been awarded or is awaiting finalisation at the reporting date;
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources;
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements; and
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

1. 26 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

1. 27 COMPARATIVE INFORMATION

1. 27. 1 Prior year comparatives:

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

With the adoption of mSCOA the municipality reclassified certain balances in order to comply with the instruction notes issued. The result of the reclassification is set out below and in the relevant Notes to the Annual Financial Statements.

1. 27. 2 Current year comparatives:

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

1. 27. 3 Budget Information:

The annual budget figures have been prepared in accordance with GRAP 24 and are consistent with the Accounting Policies adopted by Council for the preparation of these Annual Financial Statements.

Budgeted amounts are scheduled as additional budget columns in the financial statements and explanatory comments are provided in the STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS to the annual financial statements, giving motivations for overspending on line items.

The annual budget figures included in the financial statements are for Swartland Municipality and do not include budget information relating to any other entities. These figures are those approved by Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2018 to 30 June 2019.

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers variations of 10% or R 100 000 (whichever is the greatest as material for purposes of providing explanatory comments).

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts. This is based on paragraph 2 and 30 of GRAP 24.

1. 28 SERVICE CONCESSION ARRANGEMENTS

Service concession arrangements of the municipality include the provision of mandated functions on behalf of the municipality by the operator for a specified period of time, for which the operator is compensated for its services over the period of the service concession arrangement.

1. 28. 1 Initial Recognition and measurement

Service concession assets are measured initially at fair value except where the assets are existing assets of the municipality in which case the assets are reclassified at their carrying amounts.

The service concession liability is recognised and initially measured at:

- a) the same amount as the service concession asset,
- b) adjusted by the amount of any other consideration (e.g., cash) from the municipality to the operator, or from the operator to the municipality.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

28 SERVICE CONCESSION ARRANGEMENTS (continued)

1. 28. 2 Subsequent Measurement and derecognition

After initial recognition, the municipality applies the measurement (including impairment) and derecognition principles to the service concession asset applicable to similar items Property, Plant and Equipment, Intangible Assets or Heritage Assets.

Where the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the municipality accounts for the liability as a financial liability.

1. 28. 3 Other liabilities, contingent liabilities, contingent assets and revenues Subsequent Measurement and derecognition

The municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

1. 28. 4 Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

Where the municipality controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the municipality recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement. The value of the receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

1. 28. 5 Dividing the arrangement

Where the municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Refer to note 43 for the disclosure of the service concession arrangement assets, liabilities, revenue and expenditure.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
2. CASH AND CASH EQUIVALENTS		
Bank balances and cash	525 963 430	460 783 361
Petty Cash Advances	21 431	16 030
Total cash and cash equivalents	525 984 861	460 799 391

The Municipality has the following bank accounts:

Current Account (Primary Bank Account)

Standard Bank of South Africa Limited: Account Number 372865100

Cash book balance at beginning of year	460 783 361	348 874 519
Cash book balance at end of year	525 963 430	460 783 361
Bank statement balance at beginning of year	454 160 508	343 374 496
Bank statement balance at end of year	522 252 587	454 160 508

The municipality also have the following bank accounts with Standard Bank South Africa Limited which had a zero balance at year end. All accounts balances are cleared to the main account on a daily basis.

- 1) OTM Account Number 372865119
- 2) TMT Fines Account Number 372865127
- 3) Web Fines Account Number 372865135
- 4) Sundries Account Number 372865143
- 5) ACB Account Number 372865151
- 6) Municipal Traffic Account Number 372865178

For the purposes of the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.

Call investment deposits are investments with a maturity period of less than 3 months which earn interest at a rate varying from 7.25 % per annum.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period.

Deposits of R 191 815 807 (2018: R 181 164 978) are attributable to the capital replacement reserve. (Refer to Note 20).

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2019

	Gross Balances R	Collective Allowance for Impairment R	Net Balances R
Service Receivables	63 569 572	(3 920 766)	59 648 806
Electricity	38 250 181	(1 624 707)	36 625 474
Water	13 476 947	(1 057 878)	12 419 069
Sewerage	6 396 706	(704 997)	5 691 709
Refuse Removal	5 445 738	(533 184)	4 912 554
Other receivables			
Housing rentals / instalments	54 764	(4 645)	50 119
Other	2 101 054	(169 143)	1 931 911
Total: Receivables From Exchange Transactions	65 725 390	(4 094 554)	61 630 836

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)**

As at 30 June 2018
Restated

	Gross Balances R	Collective Allowance for Impairment R	Net Balances R
Service Receivables	57 377 672	(3 850 600)	53 527 072
Electricity	34 742 357	(1 278 595)	33 463 762
Water	12 039 752	(1 242 849)	10 796 903
Sewerage	5 739 960	(639 635)	5 100 325
Refuse Removal	4 855 603	(689 521)	4 166 082
Other receivables			
Housing rentals / instalments	51 501	(3 640)	47 861
Other	2 817 433	(211 762)	2 605 671
Total: Trade Receivables From Exchange Transactions	60 246 606	(4 066 002)	56 180 604

Receivables from Exchange Transactions are billed monthly, at the end of the month.

The average credit period for receivables from exchange transactions is 30 days. No interest is charged on receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus 1 % per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of receivables from exchange transactions.

Other Receivables include outstanding debtors for various other services, e.g. Chemical Oxygen Demand, Treated Waste Water, Bulk Dumping and Sundry Services like Escorting of heavy vehicles, Advertisement costs, Cleaning of stands, etc.

Of the Receivables balance at the end of the year, R 2 457 895 (2018: R 2 429 110 Sasko (Pty) Ltd) is due from Sasko (Pty) Ltd, the municipality's largest customer.

There are no other receivables that represent more than 5% of the total balance of Receivables.

The municipality receives applications for services that it provides. Deposits are required for all electricity and water accounts opened.

Management of the municipality is of the opinion that the carrying value of Receivables approximate their amortised values.

No receivables from exchange transactions were pledged as security.

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables.

Comparatives have been restated due to the correction of an error refer to note 57. (a) (i).)

3. 1 Ageing of Service Debtors

	2019 R	2018 R
<u>Electricity: Ageing</u>		Restated
Current (0 - 30 days)	34 158 022	31 392 802
<u>Past Due</u>		
31 - 60 Days	2 605 709	1 999 031
61 - 90 Days	54 632	126 953
91 - 120 Days	42 123	78 465
121 - 150 Days	61 355	18 586
151 - 180 Days	26 290	15 293
181 - 365 Days	346 911	206 803
366 Days - 2 Years	33 536	122 811
2 - 3 Years	12 703	71 816
+ 3 Years	908 900	709 797
	38 250 181	34 742 357
Less: Allowance for impairment	(1 624 707)	(1 278 595)
	36 625 474	33 463 762

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R Restated
3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
3. 1 Ageing of Service Debtors (continued)		
<u>Water: Ageing</u>		
Current (0 - 30 days)	7 810 153	7 986 100
<u>Past Due</u>		
31 - 60 Days	1 548 328	1 275 909
61 - 90 Days	383 583	335 933
91 - 120 Days	339 704	325 134
121 - 150 Days	310 318	191 537
151 - 180 Days	390 300	291 017
181 - 365 Days	1 154 159	340 849
366 Days - 2 Years	598 215	708 567
2 - 3 Years	480 053	116 566
+ 3 Years	462 134	468 140
Total	13 476 947	12 039 752
Less: Allowance for impairment	(1 057 878)	(1 242 849)
	12 419 069	10 796 903
		Restated
<u>Sewerage: Ageing</u>		
Current (0 - 30 days)	2 978 788	2 774 461
<u>Past Due</u>		
31 - 60 Days	839 352	772 673
61 - 90 Days	167 326	190 739
91 - 120 Days	129 493	131 494
121 - 150 Days	166 756	113 071
151 - 180 Days	98 834	133 474
181 - 365 Days	580 306	241 031
366 Days - 2 Years	-	166 650
2 - 3 Years	-	89 410
+ 3 Years	1 435 851	1 126 957
Total	6 396 706	5 739 960
Less: Allowance for impairment	(704 997)	(639 635)
	5 691 709	5 100 325
<u>Refuse Removal: Ageing</u>		
Current (0 - 30 days)	2 249 720	2 040 785
<u>Past Due</u>		
31 - 60 Days	650 391	589 320
61 - 90 Days	139 262	146 412
91 - 120 Days	115 928	111 169
121 - 150 Days	153 809	94 236
151 - 180 Days	95 203	105 541
181 - 365 Days	758 276	224 762
366 Days - 2 Years	255 601	797 537
2 - 3 Years	322 128	113 477
+ 3 Years	705 420	632 364
Total	5 445 738	4 855 603
Less: Allowance for impairment	(533 184)	(689 521)
	4 912 554	4 166 082

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)****3. 1 Ageing of Service Debtors (continued)**

	2019	2018
	R	R
<u>Housing rentals / instalments: Ageing</u>		
Current (0 - 30 days)	30 384	29 233
<u>Past Due</u>		
31 - 60 Days	20 162	17 660
61 - 90 Days	447	1 457
91 - 120 Days	422	894
121 - 150 Days	419	824
151 - 180 Days	415	781
181 - 365 Days	1 738	405
366 Days - 2 Years	777	244
2 - 3 Years	-	-
+ 3 Years	-	3
Total	54 764	51 501
Less: Allowance for impairment	(4 645)	(3 640)
	50 119	47 861

		Restated
<u>Other Debtors: Ageing</u>		
Current (0 - 30 days)	900 929	1 189 462
<u>Past Due</u>		
31 - 60 Days	235 775	118 064
61 - 90 Days	71 061	93 549
91 - 120 Days	42 285	57 438
121 - 150 Days	41 628	36 632
151 - 180 Days	55 153	23 808
181 - 365 Days	212 094	25 971
366 Days - 2 Years	93 070	253 615
2 - 3 Years	151 403	169 492
+ 3 Years	297 656	849 402
Total	2 101 054	2 817 433
Less: Allowance for impairment	(169 143)	(211 762)
	1 931 911	2 605 671

3. 2 Summary of Debtors by Customer Classification

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
	R	R	R	R
30th June 2019				
Current (0 - 30 days)	31 524 955	15 405 448	1 197 593	48 127 996
<u>Past Due</u>				
31 - 60 Days	4 317 166	1 480 579	101 972	5 899 717
61 - 90 Days	749 101	62 941	4 269	816 311
91 - 120 Days	609 171	57 713	3 071	669 955
121 - 150 Days	696 726	34 166	3 393	734 285
151 - 180 Days	498 545	165 360	2 290	666 195
181 - 365 Days	2 909 073	81 559	62 852	3 053 484
366 Days - 2 Years	938 788	42 382	29	981 199
2 - 3 Years	942 669	22 876	742	966 287
+ 3 Years	3 486 948	277 755	45 258	3 809 961
Sub-total	46 673 142	17 630 779	1 421 469	65 725 390
Less: Collective Allowance for Impairment	(2 736 764)	(1 357 790)	-	(4 094 554)
Total debtors by customer classification	43 936 378	16 272 989	1 421 469	61 630 836

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)****3. 2 Summary of Debtors by Customer Classification (continued)**

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 th June 2018	R	R	R	R
Restated				
Current (0 - 30 days)	30 154 076	14 050 955	1 207 812	45 412 843
<u>Past Due</u>				
31 - 60 Days	3 607 870	1 130 486	34 301	4 772 657
61 - 90 Days	732 748	155 719	6 576	895 043
91 - 120 Days	597 875	103 452	3 267	704 594
121 - 150 Days	413 152	38 046	3 688	454 886
151 - 180 Days	540 694	27 478	1 742	569 914
181 - 365 Days	1 004 260	33 513	2 048	1 039 821
366 Days - 2 Years	1 763 110	280 719	5 595	2 049 424
2 - 3 Years	504 519	54 901	1 341	560 761
+ 3 Years	3 299 352	433 101	54 210	3 786 663
Sub-total	42 617 656	16 308 370	1 320 580	60 246 606
Less: Collective Allowance for Impairment	(3 417 355)	(648 647)	-	(4 066 002)
Total debtors by customer classification	39 200 301	15 659 723	1 320 580	56 180 604

Comparatives have been restated due to the correction of an error (refer to note 57. (a) (i))

At 30 June 2019 debtors of R 13 502 840 (2018: R 10 767 761) were past due but not impaired. The age analysis of these debtors are as follows:

	2019 R	2018 R Restated
31 - 60 Days	5 899 717	4 772 657
61 - 90 Days	816 312	895 041
91 - 120 Days	669 955	704 594
121 - 150 Days	734 285	454 886
151 - 180 Days	666 195	569 913
181 - 365 Days	3 053 484	1 039 820
+ 1 Year	1 662 892	2 330 850
Total	13 502 840	10 767 761

3. 3 Reconciliation of changes in Allowance Account

		Restated
Balance at beginning of the year	4 066 002	4 078 985
<i>Contribution/Reversal to Allowance</i>		
Electricity	346 112	(1 197)
Refuse Removal	(156 336)	(94 963)
Sewerage	65 362	(51 332)
Water	(184 971)	200 950
Housing	1 005	(160)
Other Debtors	(42 620)	(66 281)
Balance at end of year	4 094 554	4 066 002

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

Recognition of financial assets

No Financial Assets have been transferred to other parties during the year.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	R	R
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		Restated
Property Rates	14 948 788	13 685 423
Payments made in advance	1 752 321	1 784 298
Insurance claims	155 883	737 441
Traffic Fines: Syntel	-	8 169 843
Traffic Fines: TMT	38 874 723	40 390 079
Sundry debtors	11 416 038	1 633 958
Gross Balances	67 147 753	66 401 042
<i>Less: Collective Allowance for Impairment</i>		
Rates	(1 945 247)	(1 719 401)
Traffic Fines	(29 594 350)	(39 448 817)
Other	(6 943)	(43 733)
Net Balances	35 601 213	25 189 091
Sundry Debtors include sundry deposits, unclaimed wages, accruals cash deposits made to Eskom for the supply of electricity and debits outstanding at year-end on normal business transactions entered into by the municipality, in respect of uncleared bank reconciliation items.		
Comparatives have been restated due to the correction of an error (refer to note 57. (a) (i).)		
<u>Rates: Ageing</u>		Restated
Current (0 - 30 days)	7 931 065	6 938 907
<u>Past Due</u>		
31 - 60 Days	1 260 490	1 098 094
61 - 90 Days	114 359	204 228
91 - 120 Days	76 313	68 369
121 - 150 Days	1 214 879	28 542
151 - 180 Days	167 664	742 759
181 - 365 Days	1 740 631	687 561
366 Days - 2 Years	-	544 083
2 - 3 Years	-	170 833
+ 3 Years	2 443 387	3 202 047
Total	14 948 788	13 685 423
Less: Allowance for impairment	(1 945 247)	(1 719 401)
	13 003 541	11 966 022
<u>Other Debtors: Ageing</u>		
Current (0 - 30 days)	13 580 946	4 813 993
<u>Past Due</u>		
31 - 60 Days	1 499 550	3 639 400
61 - 90 Days	1 439 700	1 630 950
91 - 120 Days	1 855 200	1 339 750
121 - 150 Days	1 161 775	2 643 700
151 - 180 Days	1 636 825	1 544 600
181 - 365 Days	10 667 950	12 017 700
366 Days - 2 Years	8 733 448	16 724 329
2 - 3 Years	11 479 325	66 500
+ 3 Years	144 246	8 294 697
Total	52 198 965	52 715 619
Less: Allowance for impairment	(29 601 293)	(39 492 550)
Total	22 597 672	13 223 069

Comparatives have been restated due to the correction of an error (refer to note 57. (a) (i).)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	R	R

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)

At 30 June 2019 debtors of R 14 089 202 (2018: R 13 436 093) were past due but not impaired. The age analysis of these debtors are as follows:

31 - 60 Days	2 760 040	4 737 494
61 - 90 Days	1 554 059	1 835 178
91 - 120 Days	1 931 513	1 408 119
121 - 150 Days	2 376 654	2 672 242
151 - 180 Days	1 804 489	2 287 359
181 - 365 Days	3 662 447	495 701
+ 1 Year	-	-
Total	14 089 202	13 436 093

Reconciliation of changes in Allowance Account

		Restated
Balance at beginning of the year	41 211 951	24 827 752
<i>Contributions/Reversal to Allowance</i>		
Rates	225 846	359 422
Traffic Fines	(9 854 467)	16 024 911
Other	(36 790)	(134)
Balance at end of year	31 546 540	41 211 951

The credit quality of receivables from non- exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables.

The allowance for impairment was calculated after grouping all the financial assets of similar nature and risk ratings, and by calculating the historical payment ratios for the groupings as well assuming that the future payment ratios would be similar to the historical payment ratios.

The claims instituted against the municipality's insurance company are supported by valid insurance claims that are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for government grants and subsidies is dependant on the Government Department involved and the nature of claim. No interest is charged on outstanding government grants and subsidies. The subsidies are payable to the municipality per allocations made in the Division of Revenue Act or based on agreements between the municipality and the relevant departments. Government Grants and Subsidies receivable are past due and not impaired as management have no concerns over the credit quality of these assets.

The average credit period for receivables from non- exchange transactions is 30 days. No interest is charged on receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of receivables from non- exchange transactions. No receivables from non- exchange transactions were pledged as security.

The Allowance for impairment on Other Debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were grouped together in the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Credit quality of receivables from non- exchange transactions

The credit quality of receivables from non- exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

Allowance account for collective Impairment of Financial Assets

The total amount of the allowance for impairment created is R 35 641 094 (2018: R 45 277 953) and the following loans and receivables are included therein:

	2019	2018
	R	R
Receivables from Exchange	4 094 554	4 066 002
Receivables from Non-Exchange	31 546 540	41 211 951
Total Allowance for Doubtful Debts on Debtors	35 641 094	45 277 953

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
5. INVENTORY		
Consumable stores - at cost	10 675 255	7 824 854
Franking Machine and Postage	32 397	16 615
Go Green Prizes: Cellphones	-	13 319
SMS Bundles	3 754	1 490
Stationery - at cost	183 237	168 299
Unsold properties held for resale - at cost	6 511 116	7 063 568
Water - at cost	228 364	292 044
Total Inventory	17 634 123	15 380 189

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

The cost of water purchases for the year amounted to R 4.11 per kilolitre (2018: R 5.30 per kilolitre).

No Inventories have been pledged as collateral for Liabilities of the municipality.

The cost of inventories (excluding land inventories) recognised as expense and included in Other Materials.

Inventory to the amount of R 0 (2018: R 0) was written-down and included in "Operational Cost".

6. VAT

VAT receivable	9 170 110	4 054 077
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7. OPERATING LEASES**The Municipality as lessee*****Leasing arrangements:***

Operating leases relate to Buildings, Computer and other equipment with lease terms of between one to five years. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Buildings	2 308 222	1 456 207
Up to 1 year	1 156 048	852 526
1 to 5 years	1 152 174	603 681
More than 5 years	-	-

Computer and other equipment	807 518	135 541
Up to 1 year	398 546	41 705
1 to 5 years	408 972	93 836
More than 5 years	-	-

Total Operating Lease Commitments	3 115 740	1 591 748
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The following payments have been recognised as an expense in the Statement of Financial Performance	1 475 440	1 191 921
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Total Operating Lease Expenses - as Lessee	1 475 440	1 191 921
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Operating leases are recognized on the straight-line basis over the lease term. In respect of non-cancellable Operating Leases the following **asset/(liability)** has been recognised:

Accrual as at 30 June		
Opening balance	(84 239)	(159 480)
Operating lease payments effected	1 499 840	1 267 162
Operating expenses recorded	(1 475 440)	(1 191 921)
Total Operating Lease Assets/(Liabilities)	(59 839)	(84 239)

No restrictions have been imposed on the Municipality in terms of the operating lease agreements.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	R	R

7. OPERATING LEASES (continued)**The Municipality as Lessor:*****Leasing arrangements:***

Operating Leases relate to Investment Property owned by the municipality with lease terms of between 5 to 50 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	883 651	491 154
1 to 5 years	689 746	410 658
More than 5 years	3 982	4 639
	1 577 379	906 451

This impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has resulted in an increase in current year's income of R 24 340.

Operating leases are recognized on the straight-line basis over the lease term. In respect of non-cancellable Operating Leases the following **asset/(liability)** has been recognised:

Accrual as at 30 June

Opening balance	67 266	57 900
Operating lease payments received	(903 575)	(902 882)
Operating income recorded as revenue	883 651	912 248
	47 342	67 266

No restrictions have been imposed on the Municipality in terms of the lease agreements.

8. PROPERTY, PLANT AND EQUIPMENT**30 June 2019**

Reconciliation of Carrying Value	Land	Movable Assets	Community	Other Assets	Infrastructure	Total
	R	R	R	R	R	R
Carrying values at 01 July 2018	62 866 337	49 856 148	89 015 417	33 373 411	1 685 008 703	1 920 120 016
Cost	62 887 417	93 078 658	236 011 250	151 589 775	3 312 104 058	3 855 671 158
Transfers	-	-	-	-	-	-
Accumulated depreciation and	(21 080)	(43 222 510)	(146 995 833)	(118 216 364)	(1 627 095 355)	(1 935 551 142)
- Cost	(21 080)	(43 222 510)	(146 995 833)	(118 216 364)	(1 627 095 355)	(1 935 551 142)
- Transfers	-	-	-	-	-	-
Acquisitions	1 624 346	11 420 817	4 326 128	-	41 632 545	59 003 836
Capital under Construction	-	-	16 040 030	-	14 445 836	30 485 866
Transfers	-	-	-	-	-	-
Depreciation	-	(5 809 334)	(4 374 088)	(1 712 178)	(74 557 045)	(86 452 645)
- based on cost	-	(5 809 334)	(4 374 088)	(1 712 178)	(74 557 045)	(86 452 645)
Carrying value of disposals	(1 198 001)	(1 120 379)	(6 356)	(208 263)	(1 711 779)	(4 244 778)
Cost	(1 198 001)	(3 210 840)	(90 222)	(385 680)	(4 226 525)	(9 111 268)
Accumulated depreciation	-	2 090 461	83 866	177 417	2 514 746	4 866 490
Impairment losses	-	-	-	-	-	-
Carrying values at 30 June 2019	63 292 682	54 347 252	105 001 131	31 452 970	1 664 818 260	1 918 912 295
Cost	63 313 762	101 288 635	256 287 186	151 204 095	3 363 955 914	3 936 049 592
Accumulated depreciation and	(21 080)	(46 941 383)	(151 286 055)	(119 751 125)	(1 699 137 654)	(2 017 137 297)
- Cost	(21 080)	(46 941 383)	(151 286 055)	(119 751 125)	(1 699 137 654)	(2 017 137 297)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****8. PROPERTY, PLANT AND EQUIPMENT (continued)**

30 June 2018

Reconciliation of Carrying Value	Land	Movable	Community	Other Assets	Infrastructure	Total
	R	R	R	R	R	R
Carrying values at 01 July 2017	68 323 863	44 731 422	83 892 276	33 418 087	1 663 259 191	1 893 624 839
Cost	68 344 943	84 134 268	226 644 827	149 869 801	3 179 385 743	3 708 379 582
Correction of error (note 57.(a) vii.	-	-	-	-	24 422 508	24 422 508
Accumulated depreciation and	(21 080)	(39 402 846)	(142 752 551)	(116 451 714)	(1 540 549 060)	(1 839 177 251)
- Cost	(21 080)	(39 402 846)	(142 752 551)	(116 451 714)	(1 531 162 763)	(1 829 790 954)
Correction of error (note 57.(a) vii.	-	-	-	-	(9 386 297)	(9 386 297)
Acquisitions (Cash)	-	12 067 184	6 141 003	1 136 268	43 126 587	62 471 042
Acquisitions (Non-cash)	643 236	256 690	-	-	7 243 205	8 143 131
Capital under Construction	-	-	3 229 030	727 736	27 194 835	31 151 601
Transfers	-	-	-	-	-	-
Depreciation	-	(6 131 468)	(4 246 578)	(1 764 650)	(67 265 258)	(79 407 954)
- based on cost	-	(6 131 468)	(4 246 578)	(1 764 650)	(67 265 258)	(79 407 954)
Carrying value of disposals	(3 643 756)	(1 054 029)	(314)	(144 030)	-	(4 842 129)
Cost	(3 643 756)	(3 379 484)	(3 610)	(144 030)	(607 734)	(7 778 614)
Accumulated depreciation	-	2 325 455	3 296	-	607 734	2 936 485
Impairment losses	-	(13 651)	-	-	-	(13 651)
Carrying values at 30 June 2018	62 866 337	49 856 148	89 015 417	33 373 411	1 685 008 703	1 920 120 016
Cost	65 344 423	93 078 658	236 011 250	151 589 775	3 312 104 058	3 826 789 250
Correction of error (note 57.(a) vii.	(2 457 006)	-	-	-	31 338 914	28 881 908
Accumulated depreciation and	(21 080)	(43 222 510)	(146 995 833)	(118 216 364)	(1 646 984 126)	(1 955 439 913)
- Cost	(21 080)	(43 222 510)	(146 995 833)	(118 216 364)	(1 627 095 355)	(1 935 551 142)
Correction of error (note 57.(a) vii.	-	-	-	-	(19 888 771)	(19 888 771)

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

No Property, Plant and Equipment were retired from active use and held for disposal during the financial year. Compensation in the amount of R 22 305 (2018: R 894 666), included in Operating Surplus, was received from the municipality's insurers for Property, Plant and Equipment lost during the year. None of the above assets are pledged as security.

Impairment Losses on Property, Plant and Equipment to the amount of R 0 (2018: R 13 651) have been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 33.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. No work in progress projects were significantly delayed during the year.

There are Property, Plant and Equipment that have been fully depreciated at year-end and still in use by the municipality. The estimation of the useful lives of assets is a matter of judgement based on the municipality's experience with similar assets. Based on the useful lives and conditions of assets, certain assets have been scheduled for replacement, but due to budget constraints, the municipality did not replace the assets. However, these assets have been fully depreciated and shall remain fully depreciated until disposal and replacement.

Included in the total for Property, Plant and Equipment are assets that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. For details of the service concession arrangement refer to note 41.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	R	Restated R
9. INVESTMENT PROPERTY		
At cost less accumulated depreciation	45 091 092	39 948 164
The movement in investment properties is reconciled as follows:		
Carrying value at the beginning of the year	39 948 164	55 338 896
Cost	43 347 672	58 880 762
Accumulated depreciation	(3 399 508)	(3 541 866)
Additions to existing investment properties:		
Acquisitions (Cash)	2 294 480	-
Acquisitions (Non- Cash)	3 625 000	1 447 055
Transfer to Inventory (Grap 16.65 and 16.70)	-	(3 165 580)
Depreciation	(11 952)	(17 611)
Disposal at Cost	(764 600)	-
Disposal Depreciation	-	-
Carrying value at the end of the year	45 091 092	39 948 164
Cost	48 502 552	57 162 237
Correction of error (note 57.(a) viii.)	-	(13 814 565)
Accumulated depreciation	(3 411 460)	(3 559 477)
Correction of error (note 57.(a) viii.)	-	159 969
The following is included in the net surplus/(deficit)		
Rental revenue earned from Investment Properties	355 643	334 845
Direct Operating expenses - incurred to generate rental revenue	148 392	109 766
Direct Operating expenses - incurred which did not generate rental revenue	2 212 413	2 829 979
Details of investment property:		
Investment property consists of:		
- Land	43 855 241	38 700 360
- Buildings	4 647 310	4 647 310
- Accumulated depreciation on Buildings	(3 411 459)	(3 399 506)

Fair Value of investment properties.

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

All of the municipality's Investment Properties are held under freehold interests and none had been pledged as security for any liabilities of the municipality. There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

10. INTANGIBLE ASSETS**30 June 2019**

	Software Licenses	Website Development	Total
Reconciliation of Carrying Value	R	R	R
Carrying values at 01 July 2018	1 139 987	31 701	1 171 688
- Cost	5 025 698	69 704	5 095 402
Accumulated Amortisation and Impairment	(3 885 711)	(38 003)	(3 923 714)
- Cost	(3 885 711)	(38 003)	(3 923 714)
Acquisitions			
Purchased	207 073	-	207 073
Other movements	-	-	-
Disposal at Cost	-	-	-
Disposal Depreciation	-	-	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****10. INTANGIBLE ASSETS (continued)****30 June 2019 (continued)**

Reconciliation of Carrying Value	Software Licenses	Website Development	Total
	R	R	R
Amortisation	(193 729)	-	(193 729)
- Based on Cost	(193 729)	-	(193 729)
Carrying values at 30 June 2019	1 153 331	31 701	1 185 032
- Cost	5 232 771	69 704	5 302 475
Accumulated amortisation	(4 079 440)	(38 003)	(4 117 443)
- Cost	(4 079 440)	(38 003)	(4 117 443)

30 June 2018

Reconciliation of Carrying Value	Software	Website	Total
	R	R	R
Carrying values at 01 July 2017	1 791 028	31 701	1 822 729
- Cost	5 018 264	69 704	5 087 968
- Transfers	-	-	-
Accumulated Amortisation and Impairment	(3 227 236)	(38 003)	(3 265 239)
- Cost	(3 227 236)	(38 003)	(3 265 239)
- Transfers	-	-	-
Acquisitions			
Purchased	7 434	-	7 434
Transfer	-	-	-
Other movements	-	-	-
Disposal at Cost	-	-	-
Disposal Depreciation	-	-	-
Amortisation	(658 475)	-	(658 475)
- Based on Cost	(658 475)	-	(658 475)
Carrying values at 30 June 2018	1 139 987	31 701	1 171 688
- Cost	5 025 698	69 704	5 095 402
Accumulated amortisation	(3 885 711)	(38 003)	(3 923 714)
- Cost	(3 885 711)	(38 003)	(3 923 714)

Intangible Assets Useful Lives

The useful lives of Intangible Assets remain unchanged from the previous year, for which amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

The municipality amortises all its Intangible Assets and none of such assets are regarded as having indefinite useful lives.

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 33).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****11. HERITAGE ASSETS****30 June 2019**

	Works Of Art- Antiques And Collections	Historical Monuments	Historical Buildings	Total
Reconciliation of Carrying Value				
Carrying value at the beginning of the year	350 000	183 634	586 266	1 119 900
Cost	350 000	183 634	586 266	1 119 900
Carrying value at the end of the year		183 634	586 266	1 119 900
Cost	350 000	183 634	586 266	1 119 900

30 June 2018**Restated**

	Works Of Art- Antiques And Collections	Historical Monuments	Historical Buildings	Total
Reconciliation of Carrying Value				
Carrying value at the beginning of the year		R 183 634	R 586 266	R 769 900
Cost		183 634	586 266	769 900
Additions to existing heritage assets	-	-	-	-
Carrying value at the end of the year	350 000	183 634	586 266	1 119 900
Cost		183 634	586 266	769 900
Correction of error (note 57.(a) vi)	350 000			350 000

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

12. FINANCE LEASE RECEIVABLES

	2019 R	2018 R
Housing selling scheme loans	3 368	6 262
Less : Current portion transferred to current receivables	(691)	(2 894)
Total	2 677	3 368

12. 1 Leasing Arrangements: House selling scheme loans

The municipality entered into Finance Leasing Arrangements for house selling scheme loans. The average term of Finance Leases entered into is between six and twenty years.

12. 2 Amounts receivable under finance leases

	Minimum Lease Payments		Present Value of Minimum Lease	
	2019 R	2018 R	2019 R	2018 R
Within one year	1 146	3 740	691	2 894
In the second to fifth year inclusive	3 430	4 575	2 677	3 368
Over five years	-	-	-	-
	4 576	8 315	3 368	6 262
Less: Unearned	(1 208)	(2 053)		
Total Finance Lease Receivables	3 368	6 262	3 368	6 262

Included in the Annual Financial

	2019 R	2018 R
Current Finance lease receivables	691	2 894
Non-Current Finance lease receivables	2 677	3 368
	3 368	6 262

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****12. FINANCE LEASE RECEIVABLES (continued)**

Loans were granted to the tenants of low cost housing erected by the Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rent from the Municipality. Loans are repaid over a period of twenty years and at an interest rate of 13.5 % per annum. The instalments of interest and redemption recoverable from the purchasers are credited to the Housing Fund. (See note 19)

The interest rate inherent to the leases are fixed at the contract date over the entire lease term. The average effective interest rate contracted is 13.50 % (2018: 13.50 %) per annum.

Finance Lease Receivables are secured over the equipment leased. The municipality is not permitted to sell or repledge the collateral in the absence of default by the lessee.

13. PAYABLES FROM EXCHANGE TRANSACTIONS

	2019 R	2018 R Restated
Trade payables	57 873 945	76 448 383
Payments received in advance	1 468 086	1 307 969
Retentions	3 913 384	3 443 257
Staff leave	11 068 271	10 031 115
Other deposits	1 185 547	1 153 826
Other payables	5 253 731	6 156 474
Total Creditors	80 762 964	98 541 024

The average credit period on purchases is 30 days from the receipt of the statement (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe. Retentions refer to construction contracts.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

14. CONSUMER DEPOSITS

Electricity and Water	12 750 568	11 775 133
Total Consumer Deposits	12 750 568	11 775 133

Guarantees amounting to R 528 600 (2018: R 662 653) are held in lieu of Electricity and Water Deposits.

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Council can utilize the deposit as payment for the outstanding account. No interest is paid on consumer deposits held.

15. LONG- TERM BORROWINGS

Annuity Loans	129 676 549	140 362 635
Sub-total	129 676 549	140 362 635
Less : Current portion transferred to current liabilities	9 689 461	9 358 721
Annuity Loans	9 689 461	9 358 721
Total: Long-term Borrowings (Neither past due nor impaired)	119 987 088	131 003 914

Summary of arrangements

Annuity Loans are repaid over periods varying from ten to twenty years (2018: ten to twenty years), and at interest rates varying from 6.75 % to 13.38 % (2018: 9.575 % to 10.96 %). Annuity Loans are not secured.

Included in the total for Borrowings are loans that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. For details of the service concession arrangement refer to note 41.

Refer to APPENDIX A for more detail on long- term liabilities.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
16. PROVISIONS		
Current portion of Post-Employment Health Care Benefits(see note 18)	2 503 687	2 154 430
Current portion of Long-Service Awards (see note 18)	1 267 220	1 038 349
Total Current Portion of Employee Benefit Liabilities	3 770 907	3 192 779
Current portion of Landfill sites	-	2 802 048
Bonuses	4 700 250	4 527 543
Total Current Provisions	4 700 250	7 329 591

The movement in current provisions are reconciled as follows:

	Landfill sites R	Bonuses R	Post- Employment Health Care Benefits R	Restated Current portion of Long- service awards R
30 June 2019				
Balance at beginning of year	2 802 048	4 527 543	2 154 430	1 038 349
Contributions to provision	-	4 700 250	2 684 761	985 152
Expenditure incurred	(2 802 048)	-	(2 335 504)	(756 281)
Reversal of provision	-	(4 527 543)	-	-
Balance at end of year	-	4 700 250	2 503 687	1 267 220

	Landfill sites R	Bonuses R	Post- Employment Health Care Benefits R	Current portion of Long- service awards R
30 June 2018				
Balance at beginning of year	7 052 661	3 914 184	2 000 998	1 219 551
Contributions to provision	2 802 048	4 527 543	2 253 080	1 186 102
Expenditure	-	-	(2 099 648)	(1 367 304)
Reversal of provision	(7 052 661)	(3 914 184)	-	-
Balance at end of year	2 802 048	4 527 543	2 154 430	1 038 349

Bonuses

Service bonuses are granted to municipal employees as a 13th cheque. An estimate amount for the provision raised is determined according to the amount accruing to employees from December to June which is based on their salaries earned at 30 June of each year.

For more information on the Post-employment health care and long service awards see note 18.

Landfill Sites

	2019 R	Restated 2018 R
Provision for landfill site rehabilitation	30 555 843	30 686 924
<i>The movement in the Provision for Rehabilitation of Land-fill Sites is reconciled as follows:</i>		
Balance at beginning of year	30 686 924	37 740 823
Contributions to provision	-	-
Decrease due to discounting	(2 850 744)	(2 704 523)
Expenditure incurred	(2 912 875)	(7 052 661)
Increase due to re-measurement	5 632 538	2 703 285
Balance at year end	30 555 843	30 686 924
Less current portion	-	(2 802 048)
Long term Provisions	30 555 843	27 884 876

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R 30 555 843 (2018: R 30 686 924) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the year end spot rate of borrowing.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

16. PROVISIONS (continued)		2019 R	2018 R
Landfill Sites (continued)			
<u>Sites</u>	<u>Proposed Rehabilitation Date</u>		
Darling	2078/2079	1 830 732	1 872 497
Highlands	2048/2049	4 816 777	4 788 016
Koringberg	2023/2024	3 019 472	2 661 048
Moorreesburg	2039/2040	6 395 245	5 772 129
Riebeek West		-	2 802 048
Riebeek Kasteel	2023/2024	11 449 803	9 977 801
Yzerfontein	2023/2024	3 043 815	2 813 385
		30 555 843	30 686 924

17. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		2019 R	2018 R
17.1 Conditional Grants by other spheres of Government		10 674 617	6 052 694
Community Safety: K9 Unit		3 987 215	-
Community Development Workers		10 528	23 278
Emergency Fire Kits		1 696	193 261
Financial Management Support Grant: Caseware		-	73 071
Financial Management Support: Graduate Internship Grant		61 081	-
Financial Management Support Grant: Risk Management		45 322	-
Financial Management Support Grant: Student Bursaries		338 016	199 820
Fire Damage Houses		97 252	-
Housing : Riebeek Wes		5 256 814	1 245 863
Housing: Phola Park		365 693	459 287
Municipal Accreditation and Capacity Building		224 000	-
Regional Socio-economic Project		-	3 816 114
Title Restoration: Housing Projects		287 000	42 000
		2 164 500	200 000
17.2 Other Receipts		2 000 000	-
Afrisam (Indoor/outdoor Centre)		164 500	200 000
Swartland Business Hive			
		12 839 117	6 252 694

Total Conditional Grants and Receipts

The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions applicable to all grants received to the extent of revenue recognised. No grants were withheld. The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 23 for reconciliation of grants by other spheres of government and Note 24 for Public Contributions (Other Receipts).

18. EMPLOYEE BENEFIT LIABILITIES

Post-Employment Health Care Benefit Liability	60 793 441	60 903 057
Long Service Awards	10 877 072	10 075 105
Total: Employee Benefits	71 670 513	70 978 162
Less: Transfer to Current Provisions: Post-Employment Health Care Benefit Liability	(2 503 687)	(2 154 430)
Less: Transfer to Current Provisions: Long Service Awards	(1 267 220)	(1 038 349)
Net Employee Benefits	67 899 606	67 785 383

Post-Employment Health Care Benefit Liability

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2019 by ARCH Actuarial Consulting, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement or long service benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, consisting of the following number of members:

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

18. EMPLOYEE BENEFIT LIABILITIES (continued)	2019 R	2018 R
Post-Employment Health Care Benefit Liability (continued)		
- In-service members	267	263
- Continuation members	56	52
Total	323	315

The liability in respect of past service has been estimated to be as follows:

- In-service members	30 485 974	37 432 127
- Continuation members	30 307 467	23 470 930
	60 793 441	60 903 057

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Keyhealth
- Hosmed
- LA Health
- Samwumed

The future service cost for the ensuing year is established to be R 2 015 198, whereas the interest-cost for the next year is estimated to be R 5 558 763 (2018: R 2 680 869 and R 5 733 675 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	9.38 %	9.58 %
Health Care Cost Inflation Rate	6.84 %	7.40 %
Net Effective Discount Rate	2.38 %	2.03 %
Expected Rate of Salary Increase	5.58 %	6.18 %
General Inflation Rate (CPI)	5.34 %	5.18 %
Average Retirement Age	62	63

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	60 793 441	60 903 057
Present value of unfunded obligations	60 793 441	60 903 057
Benefit Liability	60 793 441	60 903 057

The amount recognised in the Statement of Financial Performance are as follows:

Current service cost	2 680 869	2 705 888
Interest cost	5 733 675	5 639 690
Actuarial (gains)/losses	(6 188 656)	(4 458 638)
Total included in Employee Related Costs (see to note 31).	2 225 888	3 886 940

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	60 903 057	59 115 765
Current service cost	2 680 869	2 705 888
Interest cost	5 733 675	5 639 690
Benefits paid	(2 335 504)	(2 099 648)
Actuarial (gain)/loss on the obligation	(6 188 656)	(4 458 638)
Balance at end of year	60 793 441	60 903 057

The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:

Increase		
Effect on the aggregate of the current service cost and the interest cost	1 383 300	1 533 500
Effect on the defined benefit obligation	9 331 357	9 496 999
Decrease		
Effect on the aggregate of the current service cost and the interest cost	(1 098 900)	(1 228 200)
Effect on the defined benefit obligation	(7 572 611)	(7 744 780)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****18. EMPLOYEE BENEFIT LIABILITIES (continued)****Post-Employment Health Care Benefit Liability (continued)**

The history of experienced adjustments is as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Defined benefit obligation	60 793 441	60 903 057	59 115 765	58 425 768	49 596 965
Experience adjustments on plan liabilities	3 009 266	(275 424)	2 264 246	1 047 819	(318 887)

The municipality expects to make a contribution of R 7 602 831 (2018: R 8 414 544) to the defined benefit plans during the next financial year.

Refer to Note 50 "Multi- Employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that are Provincially and Nationally administered.

Long Service Awards

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Swartland Municipality). The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited to his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2018 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2019 by ARCH Actuarial Consulting, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 60 (2018: 77) employees were eligible for Long-service Awards.

The future service cost for the ensuing year is established to be R 884 502 whereas the interest-cost for the next year is estimated to be R 840 987 (2018: R 782 320 and R 820 815 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	8.20 %	8.58 %
Expected Rate of Salary Increase	5.58 %	6.18 %
Net Effective Discount Rate	2.48 %	2.26 %
General Inflation Rate (CPI)	5.34 %	5.18 %
Average Retirement Age	62	63

The amounts recognised in the Statement of Financial Position are as follows:

	2019 R	2018 R
Present value of fund obligations	10 877 072	10 075 105
	10 877 072	10 075 105
Present value of unfunded obligations	10 877 072	10 075 105
Net liability	10 877 072	10 075 105

The amount recognised in the Statement of Financial Performance are as follows:

Current service cost	782 320	732 751
Interest cost	820 815	717 501
Actuarial (gain)/loss on the obligation	(44 887)	980 468
Total included in Employee Related Costs (see note 31).	1 558 248	2 430 720

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	10 075 105	9 011 689
Current service cost	782 320	732 751
Interest cost	820 815	717 501
Benefits paid	(756 281)	(1 367 304)
Actuarial (gain)/loss on the obligation	(44 887)	980 468
Balance at end of year	10 877 072	10 075 105

The history of experienced adjustments is as follows:

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****18. EMPLOYEE BENEFIT LIABILITIES (continued)****Long Service Awards (continued)**

	2019	2018	2017	2016	2015
	R	R	R	R	R
Defined benefit obligation	10 877 072	10 075 105	9 011 689	9 142 519	8 624 237
Experience adjustments on plan liabilities	47 103	1 130 575	(227 440)	(45 580)	(221 306)

19. STATUTORY FUND: HOUSING DEVELOPMENT**Housing Fund**

2019	2018
R	R
3 368	6 262

Analysis of the composition of the Housing Development Fund:**Housing Development Fund**

Loans extinguished by Government on 1 April 1998

3 368	6 262
3 368	6 262

The Housing Development Fund is represented by the following assets and liabilities:

Housing selling scheme loans (see note 12).

3 368	6 262
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Total Housing Development Fund Assets and Liabilities

3 368	6 262
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The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

20. RESERVES: CAPITAL REPLACEMENT

Balance at the beginning of the year	181 164 978	142 577 746
Contribution from accumulated Surplus	50 000 000	80 000 000
Capital Contributions received	1 214 749	2 367 111
Funding Capital Projects	(40 563 920)	(43 779 879)
Total Capital Replacement Reserve	191 815 807	181 164 978

The Capital Replacement Reserve is a reserve to finance future capital expenditure, is fully funded and invested in Financial Instruments.

Restated**21. ACCUMULATED SURPLUS**

Accumulated surplus/(deficit) due to the results of operations	2 081 545 354	1 979 657 054
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Accumulated Surplus has been restated to correctly classify amounts held by the municipality as indicated below. Refer to Note 5 (a) (i), (a) (ii), (a) (iii), (a) (iv), (a) v, (a) vi., (a) vii, (a) viii, and (a) (ix) "Correction of Error" for details of the restatements.

Recognition of items erroneously capitalised

Recognition of accruals not raised

22. PROPERTY RATES

Actual	Restated	
Residential	64 187 222	59 343 438
Vacant erven	7 395 654	5 052 644
Commercial	10 451 005	9 422 433
Industrial	6 636 118	6 098 022
Farm Properties: Agricultural Purposes	16 205 645	15 400 881
Rural: Business	1 325 273	932 886
State owned	9 630 848	8 432 756
	115 831 765	104 683 060
Less: Revenue Forgone	(951 333)	(1 959 436)
Total Assessment Rates	114 880 432	102 723 624

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

22. PROPERTY RATES (continued)	2019 R	2018 R
<u>Valuations</u>		
<u>Actual</u>		<u>Restated</u>
Residential	11 372 372 300	11 077 724 800
Vacant erven	905 374 054	935 275 380
Commercial	1 326 424 000	1 293 596 500
Industrial	842 735 500	833 323 500
Farm Properties: Agricultural Purposes	10 543 357 800	10 657 373 000
Rural: Business	202 856 400	127 301 900
State owned	1 236 275 000	1 157 472 000
	26 429 395 054	26 082 067 080

Assessment Rates are levied on the value of land and improvements, less R 15 000 for residential properties, which valuation must be performed every four years. Interim valuations are processed on a bi- annual basis in November and May of each year to take into account changes in individual property values due to alterations, consolidations and subdivisions. The last valuation came into effect on 1 July 2016.

Differential rates of 0.006490 c/R for residential properties and 0.008580 c/R for commercial, industrial, rural and state properties (2017/2018: 0.005779 and 0.007356 c/R) on land and building valuations were applied to determine assessment rates. A discount of 75 % (2017/2018: 75%) was granted on agricultural land. An exemption of R 15 000 on the value of the property is granted to residential property owners. A further R 300 000 (2017/2018: R 300 000) discount on the market value of the property, over and above the aforementioned R 15 000 is granted on the value of the property for residents 60 years and older on condition that they occupy the premises.

Rates are levied annually on property owners. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable on the last day of the month. Interest is levied at the prime rate plus 1% on outstanding property rates amounts.

Comparatives have been restated due to the correction of an error (refer to note 57. (a) (i).)

23. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES

<i>Conditional Grants</i>	Note:		
Community Safety: K9 Unit	23.1	12 785	-
Community Development: Workers	23.2	12 750	13 722
Emergency Fire Kit	23.3	191 565	-
Energy Efficiency and Demand Side Management Grant (EEDG)	23.4	3 000 000	-
Education, Training and Development Practices (Seta)	23.5	348 181	290 596
Extended Public Works Programme	23.6	1 572 000	1 404 000
Financial Management Support Grant: Audit	23.7	-	-
Financial Management Support Grant: Risk Management	23.8	54 678	100 000
Financial Management Support Grant: Caseware	23.9	73 071	126 929
Financial Management Support Grant: Graduate Internship Programme	23.10	10 919	-
Financial Management Support Grant: mSCOA	23.11	330 000	330 000
Financial Management Support Grant: Student Bursaries	23.12	221 804	160 180
Fire Service Capacity Building Grant	23.13	-	800 000
Greenest Town	23.14	-	130 000
Housing: Riebeeck Wes	23.15	24 637 621	17 361 723
Housing: Phola Park	23.16	671 029	2 273 216
Housing Project: Riebeeck Kasteel	23.17	1 881 653	-
Housing: Kalbaskraal	23.18	512 168	-
Purchase of Land: Kalbaskraal	23.19	2 153 307	-
Housing Project: Sibanye	23.20	950 287	-
Integrated National Electrification Programme	23.21	4 000 000	3 000 000
Libraries	23.22	8 429 000	7 500 000
Local Government Financial Management Grant	23.23	1 550 000	1 550 000
Maintenance of Electricity Infrastructure	23.24	-	250 000
Municipal Infrastructure Grant	23.25	24 945 000	24 608 000
Proclaimed Roads Subsidies	23.26	9 534 000	17 340 206
Drought Relief - Water Augmentation	23.27	-	7 700 000
Refurbishment of Municipal Flats	23.28	-	8 281 462
Regional Socio- Economic Project (RSEP)	23.29	8 316 114	2 826 108
Sondeza	23.30	91 910	132 825
Title Restoration Housing	23.31	-	-
Thusong Centre Refurbishment	23.32	106 000	-
Rebuilding of 4 Damaged Houses	23.33	277 748	-
Municipal Accreditation and Capacity Building	23.34	-	-
Total: Conditional Grants		93 883 590	96 178 967

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

		2019 R	2018 R
23. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)			
<i>Unconditional Grants</i>			
Equitable Share	23.35	82 048 000	70 560 000
Total: Unconditional Grants		82 048 000	70 560 000
Total Government Grant and Subsidies		175 931 590	166 738 967
23. 1 Community Safety: K9 Unit			
Balance unspent at beginning of year		-	-
Current year receipts		4 000 000	-
Conditions met - transferred to revenue		(12 785)	-
Conditions still to be met transferred to liabilities (see note 17)		3 987 215	-
Funds are for the establishment of a dog unit for detecting drugs.			
23. 2 Community Development: Workers			
Balance unspent at beginning of year		23 278	-
Current year receipts		-	37 000
Conditions met - transferred to revenue		(12 750)	(13 722)
Conditions still to be met transferred to liabilities (see note 17)		10 528	23 278
Funds made available for sundry expenditure and stationery for workers, under the control of the Municipality but remunerated by PAWC.			
23. 3 Emergency Fire Kit			
Balance unspent at beginning of year		193 261	-
Current year receipts		-	193 261
Conditions met - transferred to revenue		(191 565)	-
Conditions still to be met transferred to liabilities (see note 17)		1 696	193 261
Funds are utilised to support disaster victims that live in shelters.			
23. 4 Energy Efficiency and Demand Side Management Grant (EEDG)			
Balance unspent at beginning of year		-	-
Current year receipts		3 000 000	-
Conditions met - transferred to revenue		(3 000 000)	-
Conditions still to be met transferred to liabilities (see note 17)		-	-
Installation of floodlights in public open spaces to ensure the safety of the community.			
23. 5 Education, Training and Development Practices (Seta)			
Balance unspent at beginning of year		-	-
Current year receipts		348 181	290 596
Conditions met - transferred to revenue		(348 181)	(290 596)
Conditions still to be met transferred to liabilities (see note 17)		-	-
Training of officials as well as unemployed persons utilised on projects under control of the Municipality.			
23. 6 Extended Public Works Programme			
Balance unspent at beginning of year		-	-
Current year receipts		1 572 000	1 404 000
Conditions met - transferred to revenue		(1 572 000)	(1 404 000)
Conditions still to be met transferred to liabilities (see note 17)		-	-
The grant is to enable the Municipality to create jobs.			
23. 7 Financial Management Support Grant: Audit			
Balance unspent at beginning of year		-	-
Current year receipts		-	130 000
Refunded to Department of Local Government Public Finance		-	(130 000)
Conditions still to be met transferred to liabilities (see note 17)		-	-
The purpose of the grant is for the continuous monitoring of financial data by internal audit.			

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

23. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)	2019 R	2018 R
23. 8 Financial Management Support Grant: Risk Management		
Balance unspent at beginning of year	-	-
Current year receipts	100 000	100 000
Conditions met - transferred to revenue	(54 678)	(100 000)
Conditions still to be met transferred to liabilities (see note 17)	45 322	-
The purpose of the grant is to implement a systematic and formalised process to identify, assess, manage and monitor risks by acquiring, configuring and utilising a Risk Management automated electronic system.		
23. 9 Financial Management Support Grant: Caseware		
Balance unspent at beginning of year	73 071	-
Current year receipts	-	200 000
Conditions met - transferred to revenue	(73 071)	(126 929)
Conditions still to be met transferred to liabilities (see note 17)	-	73 071
The grant is for the implementation of Caseware to compile Financial Statements.		
23. 10 Financial Management Support Grant: Graduate Internship Programme		
Balance unspent at beginning of year	-	60 000
Current year receipts	72 000	-
Refunded to Department of Local Government Public Finance	-	(60 000)
Conditions met - transferred to revenue	(10 919)	-
Conditions still to be met transferred to liabilities (see note 17)	61 081	-
The funds are to enable the Municipality to capacitate graduate interns who are technically ready for possible consideration as employees within Municipalities.		
23. 11 Financial Management Support Grant: mSCOA		
Balance unspent at beginning of year	-	-
Current year receipts	330 000	330 000
Conditions met - transferred to revenue	(330 000)	(330 000)
Conditions still to be met transferred to liabilities (see note 17)	-	-
The grant is for the Municipality to implement mSCOA .		
23. 12 Financial Management Support Grant: Student Bursaries		
Balance unspent at beginning of year	199 820	120 000
Current year receipts	360 000	240 000
Conditions met - transferred to revenue	(221 804)	(160 180)
Conditions still to be met transferred to liabilities (see note 17)	338 016	199 820
Municipal bursary programmes that enable municipalities to attract top performing learners and learners with potential to succeed in Higher Education Institutions (HEI) in the areas such as finance, economics, accounting, supply chain management, internal audit, risk management, infrastructure, etc.		
23. 13 Fire Service Capacity Building Grant		
Balance unspent at beginning of year	-	-
Current year receipts	-	800 000
Conditions met - transferred to revenue	-	(800 000)
Conditions still to be met transferred to liabilities (see note 17)	-	-
The purpose of the grant is to purchase a vehicle for fire fighting.		

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

23. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)	2019 R	2018 R
23. 14 Greenest Town		
Balance unspent at beginning of year	-	-
Current year receipts	-	130 000
Conditions met - transferred to revenue	-	(130 000)
Conditions still to be met transferred to liabilities (see note 17)	-	-
Prize money for achieving 3rd place at the National Greenest Town Competition.		
23. 15 Housing: Riebeek Wes		
Balance unspent at beginning of year	1 245 863	-
Current year receipts	28 648 572	18 607 586
Conditions met - transferred to revenue	(24 637 621)	(17 361 723)
Conditions still to be met transferred to liabilities (see note 17)	5 256 814	1 245 863
Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.		
23. 16 Housing: Phola Park		
Balance unspent at beginning of year	459 287	429 929
Current year receipts	577 435	2 302 574
Conditions met - transferred to revenue	(671 029)	(2 273 216)
Conditions still to be met transferred to liabilities (see note 17)	365 693	459 287
Funds provided to the Municipality for the finance of the construction costs of housing in respect of low income groups.		
23. 17 Housing Project: Riebeek Kasteel		
Balance unspent at beginning of year	-	-
Current year receipts	870 103	-
Conditions met - transferred to revenue	(1 881 653)	-
Conditions met - transferred to debtors	1 011 550	-
Conditions still to be met transferred to liabilities (see note 17)	-	-
Funds to finance the construction costs of housing for low income groups.		
23. 18 Housing: Kalbaskraal		
Balance unspent at beginning of year	-	-
Current year receipts	167 814	-
Conditions met - transferred to revenue	(512 168)	-
Conditions met - transferred to debtors	344 354	-
Conditions still to be met transferred to liabilities (see note 17)	-	-
Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.		
23. 19 Purchase of Land: Kalbaskraal		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	(2 153 307)	-
Conditions met - transferred to debtors	2 153 307	-
Conditions still to be met transferred to liabilities (see note 17)	-	-
Funds provided to enable the Municipality to purchase land for housing in respect of low income groups.		
23. 20 Housing Project: Sibanye		
Balance unspent at beginning of year	-	-
Current year receipts	950 287	-
Conditions met - transferred to revenue	(950 287)	-
Conditions still to be met transferred to liabilities (see note 17)	-	-
Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.		

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
23. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)		
23. 21 Integrated National Electrification Programme		
Balance unspent at beginning of year	-	-
Current year receipts	4 000 000	3 000 000
Conditions met - transferred to revenue	(4 000 000)	(3 000 000)
Conditions still to be met transferred to liabilities (see note 17)	-	-
Funds made available for the electrical network to the proposed area where low cost houses are build and the electrification of these houses.		
23. 22 Libraries		
Balance unspent at beginning of year	-	-
Current year receipts	8 429 000	7 500 000
Conditions met - transferred to revenue	(8 429 000)	(7 500 000)
Conditions still to be met transferred to liabilities (see note 17)	-	-
Grant provided for the partial funding of the operational and capital costs of libraries in the area under the jurisdiction of the Swartland Municipality.		
23. 23 Local Government Financial Management Grant		
Balance unspent at beginning of year	-	-
Current year receipts	1 550 000	1 550 000
Conditions met - transferred to revenue	(1 550 000)	(1 550 000)
Conditions still to be met transferred to liabilities (see note 17)	-	-
The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others, capacity building, the implementation of municipal finance management legislation and regulating policies and compliance with generally accepted municipal accounting practices.		
23. 24 Maintenance of Electricity Infrastructure		
Balance unspent at beginning of year	-	-
Current year receipts	-	250 000
Conditions met - transferred to revenue	-	(250 000)
Conditions still to be met transferred to liabilities (see note 17)	-	-
Funds provided to enable the Municipality to maintain electricity infrastructure.		
23. 25 Municipal Infrastructure Grant		
Balance unspent at beginning of year	-	-
Current year receipts	24 945 000	24 608 000
Conditions met - transferred to revenue	(24 945 000)	(24 608 000)
Conditions still to be met transferred to liabilities (see note 17)	-	-
Funds utilised for the upgrading of existing infrastructure in its area of jurisdiction and/or the erection / construction of new amenities required for service delivery and the development of sport.		
23. 26 Proclaimed Roads Subsidies		
Balance unspent at beginning of year	-	4 304 688
Current year receipts	9 534 000	13 035 518
Conditions met - transferred to revenue	(9 534 000)	(17 340 206)
Conditions still to be met transferred to liabilities (see note 17)	-	-
Expenditure incurred by the Municipality in connection with the maintenance of proclaimed main roads falling under the jurisdiction of the Municipality, in accordance with a budget approved by the PAWC, which costs are partly recoverable from the Administration.		
23. 27 Drought Relief - Water Augmentation		
Balance unspent at beginning of year	-	-
Current year receipts	-	7 700 000
Conditions met - transferred to revenue	-	(7 700 000)
Conditions still to be met transferred to liabilities (see note 17)	-	-
Funds made available for drought relief.		

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

23. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)	2019 R	2018 R
23. 28 Refurbishment of Municipal Flats		
Balance unspent at beginning of year	-	1 862 820
Current year receipts	-	6 418 642
Conditions met - transferred to revenue	-	(8 281 462)
Conditions still to be met transferred to liabilities (see note 17)	-	-
Funds allocated in respect of the renovation of the Municipal Flats.		
23. 29 Regional Socio- Economic Project (RSEP)		
Balance unspent at beginning of year	3 816 114	3 992 222
Current year receipts	4 500 000	2 650 000
Conditions met - transferred to revenue	(8 316 114)	(2 826 108)
Conditions still to be met transferred to liabilities (see note 17)	-	3 816 114
Funds received from PAWC for the social upliftment in lower income areas to improve living conditions and combat crime.		
23. 30 Sondeza		
Balance unspent at beginning of year	-	-
Current year receipts	91 910	132 825
Conditions met - transferred to revenue	(91 910)	(132 825)
Conditions still to be met transferred to liabilities (see note 17)	-	-
Funds received from PAWC for the hosting of a Youth Camp.		
23. 31 Title Restoration Housing		
Balance unspent at beginning of year	42 000	-
Current year receipts	245 000	42 000
Conditions met - transferred to revenue	-	-
Conditions still to be met transferred to liabilities (see note 17)	287 000	42 000
Funds utilised for the title deed restoration for owners of low cost housing.		
23. 32 Thusong Centre Refurbishment		
Balance unspent at beginning of year	-	-
Current year receipts	106 000	-
Conditions met - transferred to revenue	(106 000)	-
Conditions still to be met transferred to liabilities (see note 17)	-	-
Funds received from PAWC for certain repairs to the Thusong Centre.		
23. 33 Rebuilding of 4 Damaged Houses		
Balance unspent at beginning of year	-	-
Current year receipts	375 000	-
Conditions met - transferred to revenue	(277 748)	-
Conditions still to be met transferred to liabilities (see note 17)	97 252	-
Funds made available for the rebuilding of houses which burned down.		
23. 34 Municipal Accreditation and Capacity Building		
Balance unspent at beginning of year	-	-
Current year receipts	224 000	-
Conditions met - transferred to revenue	-	-
Conditions still to be met transferred to liabilities (see note 17)	224 000	-
Funds received for the remuneration of an intern for the department of Community Services.		
23. 35 Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	82 048 000	70 560 000
Conditions met - transferred to revenue	(82 048 000)	(70 560 000)
Conditions still to be met transferred to liabilities (see note 17)	-	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	R	R

23. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)

In terms of the Constitution, article 227 (1) (a) a Municipality is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and perform the functions allocated to it. This unconditional grant is used primarily to subsidise the provision of basic services to the community. All registered indigents receive a monthly subsidy towards the cost of basic services, which is funded from this grant. No funds were withheld.

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

24. PUBLIC CONTRIBUTIONS AND DONATIONS***Public Contributions and donations***

	Note		
Entrepreneurial Hub	24.2	250 000	-
Indoor / Outdoor Sport Centre	24.3	-	-
Sondeza (Slimsun)	24.4	36 000	-
Sondeza (Germany)	24.5	30 747	-
Bokomo Road Upgrade	24.1	-	3 426 493

Total: Public Contributions and donations

316 747	3 426 493
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24.1 Bokomo Road Upgrade

Balance unspent at beginning of year	-	3 426 493
Current year receipts	-	-
Conditions met - transferred to revenue	-	(3 426 493)

Conditions still to be met transferred to liabilities (see note 17)

-	-
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Funds contributed by Bokomo for the upgrading of Bokomo Road.

24.2 Entrepreneurial Hub

Balance unspent at beginning of year	200 000	-
Current year receipts	214 500	200 000
Conditions met - transferred to revenue	(250 000)	-

Conditions still to be met transferred to liabilities (see note 17)

164 500	200 000
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Funds allocated for the establishment of informal trading economic areas.

24.3 Indoor / Outdoor Sport Centre

Balance unspent at beginning of year	-	-
Current year receipts	2 000 000	-
Conditions met - transferred to revenue	-	-

Conditions still to be met transferred to liabilities (see note 17)

2 000 000	-
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Funds allocated for the establishment of indoor/outdoor sporting facilities for low income groups.

24.4 Zodeza (Slimsun)

Balance unspent at beginning of year	-	-
Current year receipts	36 000	-
Conditions met - transferred to revenue	(36 000)	-

Conditions still to be met transferred to liabilities (see note 17)

-	-
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Funds received for the hiring of a bus to transport students attending the Youth Camp.

24.5 Sondeza (Germany)

Balance unspent at beginning of year	-	-
Current year receipts	30 747	-
Conditions met - transferred to revenue	(30 747)	-

Conditions still to be met transferred to liabilities (see note 17)

-	-
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Funds received for the hiring of a bus to transport students attending the Youth Camp.

Comparatives have been restated due to the correction of an error (refer to note 57. (a) (iv).)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R Restated
25. FINES		
Building	98 340	91 169
Illegal Connections	23 000	8 000
Councillors	-	18 803
Deposits	12 087	8 587
Library Abbotsdale	1 156	1 227
Library Chatsworth	1 012	977
Library Darling	5 125	4 331
Library Malmesbury	15 504	16 241
Library Moorreesburg	3 967	4 464
Library Riebeek Kasteel	1 913	2 099
Library Riebeek Wes	3 652	4 200
Library Wesbank	8 062	7 572
Illegal Connections	-	3 003
Traffic and other Fines	27 528 994	32 460 450
Total Fines	27 702 812	32 631 123

Comparatives have been restated due to the correction of an error (refer to note 57. (a) (ii).)

26. LICENCES AND PERMITS

Application: Driver Licenses	694 867	763 233
Application: Instruction Certificate	861	2 311
Application: Learner Licenses	195 429	221 481
Application: Special Permits	50 928	51 216
Application: Temporary Permits	97 482	94 776
Drivers Licenses: Issue	380 218	415 590
Drivers Licenses: Temporary	85 112	88 149
Film Shooting	203 435	240 283
Instruction Certificates: Issue	144	231
Learners License: Duplicate	3 616	4 564
Learners Licenses: Issue	54 925	61 173
Licences: Deregistration, Special and Other	33 400	29 800
Licenses: Trading	899	1 492
Professional Driver Permits	143 933	137 879
Registrations Vehicles	1 961 240	1 595 885
Registrations: Duplicate	123 089	126 390
Total: Licences and Permits	4 029 578	3 834 453

27. SERVICE CHARGES

		Restated
Electricity	263 660 846	242 490 026
Water	59 743 206	52 849 908
Refuse removal	25 622 624	23 744 707
Sewerage and sanitation charges	40 114 277	39 520 793
Total Service Charges	389 140 953	358 605 434

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs. Revenue Forgone (including departmental recoveries) are in respect of assistance by providing free basic services to indigent households as follows: Electricity = 50 kWh, Water = 6 kl, Sewerage = R 251 and Refuse = R 142.

Comparatives have been restated due to the correction of an error (refer to note 57. (a) (i).)

28. RENTAL OF FACILITIES AND EQUIPMENT

		Restated
Rental Revenue from buildings	512 262	573 209
Rental Revenue from halls	351 640	317 456
Rental Revenue from other facilities	665 063	691 193
Total Rental of Facilities and Equipment	1 528 965	1 581 858

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

Comparatives have been restated due to the correction of an error (refer to note 57. (a) (i).)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

29. INTEREST EARNED	2019 R	2018 R
External Investments / Cash Deposits:		Restated
Bank Account	6 906 707	6 538 520
Interest earned- Investments	33 267 764	25 347 551
Interest earned- Land Sales	-	37 580
	40 174 471	31 923 651
Outstanding Debtors:		
Rates	798 137	444 483
Consumer Debtors	1 816 405	1 522 905
	2 614 542	1 967 388
Total Interest Earned	42 789 013	33 891 039
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Loans and Receivables	42 789 013	33 891 039
	42 789 013	33 891 039

Comparatives have been restated due to the correction of an error (refer to note 57. (a) (i).)

30. OPERATIONAL REVENUE		Restated
Administrative Handling Fees	76 285	67 292
Advertisements	254 945	303 381
Application Fees for Land Usage	15 183	11 956
Application service connections	262 548	308 411
Breakages and Losses Recovered	58 137	26 892
Building Plan Approval	2 374 723	2 410 621
Bulk waste dumping	746 222	767 510
Camping Fees	2 869 755	2 606 585
Cemetery and Burial	649 315	605 499
Cleaning and Removal	625 999	682 884
Clearance Certificates	219 059	305 344
Development Charges	1 214 749	2 367 111
Discounts and Early Settlements	86 706	83 684
Encroachment fees	590	700
Entrance Fees	384 250	79 072
Escort Fees	99 200	99 058
Housing (Boarding Services) - Staff	122 482	8 635
Housing Selling Schemes	4 550	-
Incidental cash surpluses	21 782	6 217
Insurance Refund	179 803	337 851
Merchandising, Jobbing and Contracts	95 878	66 905
Occupation Certificates	285 965	299 369
Other	12 833	121 387
Private work	-	151 146
Photocopies and Faxes	157 008	157 364
Registration Fees - Road and Transport	405 296	474 885
Removal of Restrictions	208 917	228 487
Sewerage blockages	371 591	386 107
Sub-division and Consolidation Fees	92 625	101 744
Tender Documents	82 437	49 818
Town Planning and Servitudes	203 672	23 519
Transaction Handling Fees	57 948	54 639
Valuation Services	128 091	140 740
Total Other Income	12 368 544	13 334 813

The amounts disclosed above for Other Income are in respect of services rendered, other than described in Notes 3 and 4, which are billed to or paid for by the users according to approved tariffs.

Comparatives have been restated due to the correction of an error (refer to note . (a) (i).)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
31. EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	119 081 309	109 065 278
Employee related costs - Contributions for UIF, pensions, medical aids and other contributions	32 283 619	30 044 952
Travel, motor car, accommodation, subsistence and other allowances	16 128 108	14 655 207
Housing benefits and allowances	1 389 714	1 184 218
Overtime payments	9 249 097	8 369 562
Performance Bonus	532 222	255 925
Bonuses: 13th Cheque	9 134 788	9 173 967
Contribution to Leave Gratuity	2 368 932	2 090 345
Contribution to provision for post- retirement medical aid benefits:	2 225 888	3 886 940
<i>Current service cost</i>	2 680 869	2 705 888
<i>Interest cost</i>	5 733 675	5 639 690
<i>Actuarial (gains)/losses</i>	(6 188 656)	(4 458 638)
Contribution to long-service provision	1 558 248	2 430 720
Total Employee Related Costs	193 951 925	181 157 114
<u>Remuneration of the Municipal Manager</u>		
Annual Remuneration	1 381 701	1 341 287
Car Allowance	239 965	231 004
Cell Phone Allowance	40 800	27 000
Leave Pay	-	61 131
Performance Bonus	226 190	-
Bonuses: 13th Cheque	-	144 620
Other	2 337	2 359
Contributions to UIF, Medical and Pension Funds, etc.	362 149	338 590
Total	2 253 142	2 145 991
<u>Remuneration of the Chief Finance Officer</u>		
Allowance	87 506	92 159
Annual Remuneration	946 122	941 851
Car Allowance	131 433	97 616
Cell Phone Allowance	40 800	26 698
Performance Bonus	156 749	111 305
Other	11 664	8 612
Contributions to UIF, Medical and Pension Funds, etc.	247 314	245 310
Total	1 621 588	1 523 551
<u>Remuneration of individual reporting directly to the Municipal Manager (Senior Manager: Strategic Services)</u>		
Allowance	-	-
Annual Remuneration	864 038	810 228
Car Allowance	33 840	30 933
Cell Phone Allowance	5 400	4 500
Performance Bonus	-	-
Long Service	34 596	-
Other	384	424
Contributions to UIF, Medical and Pension Funds, etc.	217 501	204 808
Total	1 155 759	1 050 893

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****31. EMPLOYEE RELATED COSTS (continued)****Remuneration of Individual Executive Directors****30 June 2019**

	Corporate Services	Civil Engineering Services	Electrical Engineering Services	Development Services	Protection Services
	R	R	R	R	R
Allowance	-	85 654	-	-	-
Annual Remuneration	1 070 754	911 204	946 600	986 412	882 609
Car Allowance	72 321	120 152	172 291	169 295	263 070
Cell Phone Allowance	40 800	40 800	40 800	29 450	40 800
Leave Pay	-	-	44 483	624 206	45 216
Bonuses: 13th Cheque	-	-	74 176	-	69 416
Performance Bonus	-	149 283	-	-	-
Other	-	249	2 810	633	1 139
Housing Subsidy	-	-	-	4 259	-
Acting Allowance;	-	-	-	11 489	-
Contributions to UIF, Medical and Pension Funds, etc.	256 838	229 556	261 472	241 378	242 588
Total	1 440 713	1 536 898	1 542 632	2 067 122	1 544 838

30 June 2018

	Corporate Services	Civil Engineering Services	Electrical Engineering Services	Development Services	Protection Services
	R	R	R	R	R
Allowance	-	74 494	-	-	-
Annual Remuneration	994 545	865 219	865 455	947 828	845 049
Car Allowance	72 249	113 268	175 629	142 203	202 148
Cell Phone Allowance	25 515	24 485	25 484	26 714	27 000
Leave Pay	-	-	43 490	-	43 390
Long Service	-	-	-	-	-
Bonuses: 13th Cheque	-	9 103	72 239	-	70 603
Other	-	207	-	106	-
Contributions to UIF, Medical and Pension Funds, etc.	241 109	224 111	252 159	233 416	240 120
Total	1 333 418	1 310 886	1 434 456	1 350 267	1 428 310

The following accrued to key management personnel in terms of GRAP 25 as at 30 June:

	2019 R	2018 R
<i>Post Retirement Medical Aid Benefit Liability:</i>		
Municipal Manager	383 406	463 042
Chief Financial Officer	68 784	55 004
Executive Director: Corporate Services	203 964	226 828
Executive Director: Civil Engineering Services	104 540	128 366
Executive Director: Electrical Engineering Services	798 796	1 029 898
Executive Director: Development Services	8 582	503 285
Executive Director: Protection Services	450 309	530 116
Total	2 018 381	2 936 539

Long Service Awards Liability

Municipal Manager	111 151	119 024
Chief Financial Officer	8 472	5 825
Executive Director: Corporate Services	273 579	231 930
Executive Director: Civil Engineering Services	241 344	279 341
Executive Director: Electrical Engineering Services	-	-
Executive Director: Development Services	-	276 706
Executive Director: Protection Services	66 422	79 636
Total	700 968	992 462

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
31. EMPLOYEE RELATED COSTS (continued)		
<i>Staff leave</i>		
Municipal Manager	344 847	240 383
Chief Financial Officer	114 452	59 714
Executive Director: Corporate Services	347 384	242 967
Executive Director: Civil Engineering Services	132 152	78 944
Executive Director: Electrical Engineering Services	431 517	415 698
Executive Director: Development Services	19 578	563 645
Executive Director: Protection Services	138 411	117 820
Total	1 528 341	1 719 171

No advances were made to employees.

32. REMUNERATION OF COUNCILLORS

Executive Mayor	576 266	547 521
Deputy Executive Mayor	561 370	541 851
Speaker	437 437	351 266
Mayoral Committee Members	1 745 616	1 411 494
Councillors	3 492 228	3 634 981
Councillors' - cellular and telephone	1 018 480	1 016 400
Councillors' - medical aid contribution	240 728	196 126
Councillors' - motor vehicle allowance	-	211 724
Councillors' - pension contribution	981 281	723 014
Councillors' - travelling allowances	1 315 990	1 278 745
Total Councillors' - Remuneration	10 369 396	9 913 122

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.

33. DEPRECIATION, IMPAIRMENT AND AMORTISATION

		Restated
Depreciation: Property, Plant and Equipment (Refer note 8)	86 452 645	83 182 612
Amortisation: Intangible Assets (Refer note 10)	193 729	658 475
Depreciation: Investment Property (Refer note 9)	11 952	17 611
Impairment: Property, Plant and Equipment (Refer note 8)	-	13 651
Total: Depreciation , Impairment and Amortisation	86 658 326	83 872 349

Comparatives have been restated due to the correction of an error (refer to note 57. (a) (v and viii).)

34. FINANCE COST

Long-term liabilities	14 277 679	15 512 425
Total Interest on External Borrowings	14 277 679	15 512 425

35. REPAIRS AND MAINTENANCE

The following specific costs included in the amount of repairs and maintenance were incurred by the municipality during the reporting period:

MOVABLE ASSETS:***Furniture and Office Equipment***

Contracted Services	40 133	162 960
Inventory Consumed	-	-

Machinery and Equipment

Contracted Services	779 180	539 905
Inventory Consumed	130 802	120 334

Transport Assets

Contracted Services	4 772 410	3 825 220
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Computer Equipment

Contracted Services	195 164	197 216
Inventory Consumed	-	-
Other Operational Costs	24 326	2 280

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
35. REPAIRS AND MAINTENANCE (continued)		
<u>COMMUNITY ASSETS:</u>	2 261 054	2 816 825
Contracted Services	2 261 054	2 736 375
Inventory Consumed	-	80 450
Other Operational Costs	-	-
<u>OTHER ASSETS:</u>	1 823 978	1 250 914
Contracted Services	1 823 978	1 180 499
Inventory Consumed	-	70 415
Other Operational Costs	-	-
<u>INTANGIBLE ASSETS:</u>	2 121 139	1 887 589
Other Operational Costs	2 121 139	1 887 589
<u>INFRASTRUCTURE ASSETS:</u>	42 212 040	42 298 200
<i>Electrical Infrastructure</i>	2 191 664	1 735 783
Contracted Services	25 097	116 151
Inventory Consumed	1 173 948	1 085 738
Labour	985 736	532 165
Other Operational Costs	6 883	1 729
<i>Roads Infrastructure</i>	16 167 811	22 466 005
Contracted Services	16 167 811	22 462 648
Inventory Consumed	-	3 357
<i>Sanitation Infrastructure</i>	2 557 512	2 242 939
Contracted Services	2 557 512	2 242 939
Inventory Consumed	-	-
<i>Solid Waste Disposal</i>	5 968 854	5 378 086
Contracted Services	4 817 811	4 612 352
Labour	1 145 395	753 570
Other Operational Costs	5 648	12 164
<i>Storm Water Infrastructure</i>	14 251 258	10 475 387
Contracted Services	293 958	283 686
Inventory Consumed	20 945	21 227
Labour	13 472 146	9 863 297
Other Lease Expenditure	28 780	163 700
Other Operational Costs	435 429	143 477
<i>Water Supply Infrastructure</i>	1 074 941	-
Contracted Services	1 074 941	-
Inventory Consumed	-	-
Total: Repairs and Maintenance	54 360 226	53 101 443
mSCOA vastly improved the quality of the information of Repairs and Maintenance for the current year. It is impossible to obtain the information of the previous year for the comparison with the current year's figures (for labour and other Expenditure).		
36. BULK PURCHASES		
Electricity	194 308 453	178 604 273
Total Bulk Purchases	194 308 453	178 604 273
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the West Coast District Municipality.		
37. OTHER MATERIALS		
Consumables	3 533 797	4 234 091
Consumables: Zero Rated	8 397 367	6 746 174
Materials and Supplies	998 967	1 265 432
Inventory Consumed: Water	13 009 933	5 299 781
	25 940 064	17 545 478

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

38. CONTRACTED SERVICES	2019 R	2018 R Restated
Accounting and Auditing	-	-
Alien Vegetation Control	61 750	73 700
Artists and Performers	350	2 750
Audit Committee	96 480	67 650
Building	607 733	-
Burial Services	1 828	1 200
Business and Financial Management	1 526 449	1 614 947
Catering Services (Contractors)	-	3 855
Catering Services (Outsourced)	474 460	443 777
Cleaning Services	190 250	128 975
Clearing and Grass Cutting Services	79 998	77 466
Commissions and Committees	-	3 728
Communications	67 133	303 858
Connection/ Disconnection: Electricity	1 137 381	473 725
Connection/ Disconnection: Water	550 694	1 232 210
Construction of Low Cost Housing	27 155 925	10 444 325
Dumping Site	4 312 169	4 223 216
Electrical	141 965	127 910
Employee Wellness	16 159	27 357
Engineering: Civil	2 399 423	1 149 528
Fire Protection	17 722	-
Forensic Investigators	2 100	-
Forestry	368 824	356 177
Gardening Services	51 520	62 049
Gas	2 986	2 298
Human Resources	40 417	9 309
Hygiene Services	60 628	93 988
Laboratory Services: Water	377 799	385 289
Legal Cost: Legal Advice and Litigation	2 839 814	361 052
Litter Picking and Street Cleaning	3 824 962	3 596 245
Maintenance of Assets	22 219 422	27 196 146
Maintenance of Buildings and Facilities	3 868 274	3 630 724
Maintenance of Equipment	3 973 489	3 798 791
Medical Health Services	20 790	-
Medical Services	20 924	13 037
Meter Management	213 527	294 739
Mini Dumping Sites	203 366	153 171
Occupational Health and Safety	-	1 165
Organic and Building Refuse Removal	169 953	-
Pest Control and Fumigation	13 141	18 572
Planning: Electrical Engineer	60 727	163 297
Planning: Mechanical Engineer	-	152 965
Planning: Town Planner	702 642	868 300
Plants, Flowers and Other Decorations	348	-
Professional Staff	18 260	74 473
Qualification Verification	-	4 085
Quality Control	797 448	844 056
Refuse Removal	865 625	604 367
Research and Advisory	2 541 316	2 022 087
Security Services	1 420 702	1 267 689
Stage and Sound Crew	10 900	10 300
Swimming Supervision	35 200	35 650
Traffic and Street Lights	87 385	85 534
Traffic Fines Management	1 883 100	1 573 928
Translators, Scribes and Editors	50 821	47 462
Transport Services	265 330	230 341
Transportation	850	1 996
Valuer and Assessors	943 893	306 344
Total: Contracted Services	86 794 352	68 665 803

Comparatives have been restated due to the correction of an error (refer to note 57. (a) (ii.)

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	R	R
39. TRANSFERS AND SUBSIDIES		
<i>Non-profit institution</i>		
Bergrivier Canoe Marathon	54 000	43 478
National Sea Rescue Institute	47 687	73 353
SPCA	265 000	250 000
Yzerfontein Conservancy	65 000	65 000
<i>Museums</i>		
Darling	49 852	45 320
Malmesbury	49 852	45 320
Oude Kerk	49 852	45 320
Wheat Industry	49 852	45 320
<i>Tourism</i>		
Swartland and Coastal Area	766 656	696 960
<i>*Social Upliftment</i>		
HUB R27	17 658	-
Student Bursaries	221 803	160 180
Darling Focus	40 000	40 000
Darling Recycling	50 000	-
Elkana Childcare	45 000	45 000
Huis van Heerde	45 000	45 000
Jo Dolphin	50 000	40 000
Multi Purpose Centre: Kalbaskraal	-	-
Multi Purpose Centre: Moorreesburg	40 000	40 000
Night Shelter	25 000	25 000
Old Age Homes	632 981	766 019
Total Grants and Subsidies	2 565 193	2 471 270

Due to the need in the Swartland Municipal area for expert services and resources to support effective domestic animal management initiatives and controls, for which the Municipality does not have the resources, it is deemed necessary, from a perspective of serving the community, for the Municipality to contribute financially towards the operational costs of the **SPCA**.

The **National Sea Recue Institute (NSRI)** is a non-profit organisation dedicated to the preservation of all persons at sea. Their members provide their services on a voluntary basis and the organisation is dependent on donations and sponsorship from the public. The NSRI operates a base from Yzerfontein providing a rescue service to the commercial and recreational fishing boats as well as bathers in the vicinity. Financial assistance by the Municipality is intended to enable the organisation to fund some of its operations as the Municipality cannot offer this essential service.

The **Yzerfontein Urban Conservancy** came into being to preserve and promote, on a voluntary basis, the conservation of the environment and heritage in, specifically, the sensitive coastal region within the boundaries of the Yzerfontein Local Nature Reserve. Financial assistance by the Municipality is intended to enable the Organisation to fund its programmes.

Museums generally do not generate sufficient income from own resources, and are therefore dependant on financial aid from the public and organisations to meet their financial needs and obligations. The Municipality, consequently regards it appropriate to contribute financially to this end.

Aware of the importance of the promotion of tourism in the area falling under the Municipality, the Council deems it their duty and privilege to assist financially towards the needs of the various **tourism bureau's** serving the area.

* The aim of **these organisations** entails the social upliftment of the poor and disadvantaged section of the community. Financial aid by the Municipality to these organisations, as well as assistance in counselling and advisory services, is intended to enable them to fulfil the said aim.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****40. OPERATIONAL COST:**

	2019	2018
	R	R
Included in general expenses is the following:-		Restated
Actuaries	-	8 000
Advertising, Publicity and Marketing	1 276 084	1 171 374
Assets less than the Capitalisation Threshold	99 979	93 113
Bank Charges, Facility and Card Fees	339 484	872 275
Bank Charges, Facility and Card Fees: Fleet and Other Credit/Debit Cards	848 827	224 164
Cleaning Services: Car Valet and Washing Services	2 100	5 469
Cleaning Services: Laundry Services	1 590	470
Commission: Prepaid Electricity	1 053 307	993 375
Commission: Third Party Vendors	359 082	357 174
Communication: Bulk Message Service	64 738	65 577
Communication: Cellular Contract (Subscription and Calls)	12 962	13 244
Communication: Licences (Radio and Television)	15 567	15 611
Communication: Postage/Stamps/Franking Machines	1 085 478	1 032 033
Communication: Telephone, Fax, Telegraph and Telex	672 432	640 259
Deeds	49 650	40 128
Entertainment: Mayor	33 942	36 930
External Audit Fees	2 312 320	2 097 683
External Computer Service	3 999 171	4 362 294
Forex Loss	-	-
Full Time Union Representative	76 994	51 160
Hire Charges	1 950	-
Indigent Relief	1 085 272	1 015 062
Insurance	1 451 756	1 906 071
Learnerships and Internships	-	-
Levies Paid - Water Resource Management Charges	-	14 985
Licences: Motor Vehicle Licence and Registrations	652 404	574 980
Licences: Performing Arts	44 513	83 064
Loss of Rentals	-	-
Operating Leases: Machinery and Equipment	677 607	981 283
Operating Leases: Other Assets	1 351 662	1 245 974
Entrance Fees	73 287	58 769
Other	268 089	223 269
Parking Fees	82 596	79 263
Printing, Publications and Books	732 058	549 996
Professional Bodies, Membership and Subscription	2 036 287	1 877 670
Registration Fees: Seminars, Conferences, Workshops and Events: National	76 674	96 430
Remuneration to Ward Committees	358 887	398 562
Resettlement Cost	21 513	26 629
Servitudes and Land Surveys	517 415	343 645
Signage	26 440	43 723
Skills Development Fund Levy	1 654 825	1 482 644
Specialized Computer Services	35 100	-
Transport Provided	-	1 577
Travel and subsistence	428 406	454 655
Uniform and Protective Clothing	2 012 543	1 576 164
Vehicle Tracking	130 895	-
Total Operational Cost	26 023 886	25 114 748

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and is not directly attributable to a specific service or class of expense.

Comparatives have been restated due to the correction of an error (refer to note 57. (a) (ii.)

41. SERVICE CONCESSION ARRANGEMENTS

In terms of the Municipal Systems Act, Bulk Water service falls under the domain of the District Municipality which would mean that these assets would fall under West Coast District Municipality, however authority was given by way of a Government Gazette notice whereby the Local Municipalities of Bergrivier, Swartland and Saldhana Bay would be given Water Service Authority Status and be responsible for the provision of the Bulk Water Function. (Refer to the section on the legislative framework for further details with regards to legislative and regulatory environment)

This effectively meant that this function was taken over from the District Municipality. At this stage the assets should in effect have been transferred to the Local Municipalities.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****41. SERVICE CONCESSION ARRANGEMENTS (continued)**

In terms of the Section 78 Study dated August 2005 a decision was made to maintain the status quo, whereby West Coast District Municipality would continue to operate the water function on behalf of the three local municipalities (Swartland, Saldhana Bay and Bergvliet), the agreement was for a period of 10 years and the function ultimately remains that of the Local Municipalities.

In return for operating the Bulk Water service function the District would receive compensation as follows:

- a) Monthly Tariff Fee
- b) Administrative fee equal to 10% of the operating costs

The Local Municipalities are thus in control of the Bulk Water assets, and as a result these assets should be recognised, measured and disclosed in their financial records.

The effect of the service concession arrangement in the financial statements of the municipality can be summarised as follows:

	2019	2018
	R	R
Property, Plant & Equipment	104 301 705	107 437 357
Infrastructure (Water)	104 301 705	107 437 357
Borrowings	(11 045 949)	(16 353 730)
Long term loans	(11 045 949)	(16 353 730)
Expenditure relating to the Service Concession Arrangement		
Depreciation	3 186 046	3 183 267
Finance Charges	1 727 867	2 175 251
	4 913 913	5 358 518

No revenue is receivable by the municipality in terms of the arrangement. The municipality's water income is generated through this arrangement.

The loans are registered in the name of West Coast District Municipality, but have been entered into solely to finance the purchase or upgrade of the service concession assets. For this purpose, the loans have been apportioned to each municipality within the district in relation to the approximate value of the infrastructure assets purchased by the operator (West Coast District Municipality).

41.1 Service Concession Assets

Included in the total for Property, Plant and Equipment are assets that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. The carrying value of these assets are disclosed below:

Infrastructure: Water	104 301 705	107 437 357
Total Carrying Amounts of Service Concession Assets	104 301 705	107 437 357
Reconciliation of Carrying Amounts of Service Concession Assets		
Opening Balance (Carrying Value)	107 437 357	110 472 128
Additions	50 394	148 496
Depreciation	(3 186 046)	(3 183 267)
Total Carrying Amounts of Service Concession Assets	104 301 705	107 437 357

41.2 Service Concession Borrowings

Included in the total for Borrowings are loans that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. The carrying value of these liabilities are disclosed below:

Loan name	Redemption date		
West Coast District Municipality: Development Bank 6100 7028	31/12/2022	4 201 980	3 834 990
West Coast District Municipality: Development Bank 6100 1005	30/06/2020	2 041 518	1 025 315
West Coast District Municipality: Development Bank 6100 1006	30/06/2020	529 669	5 400 000
West Coast District Municipality: ABSA	01/02/2021	4 272 782	6 093 427
Total Carrying Amounts of Service Concession Borrowings		11 045 949	16 353 731

The loans bear variable interest rates between 6% and 13% per annum.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	R	R
42. CASH GENERATED BY OPERATIONS		
Surplus/(Deficit) for the year	112 536 235	121 371 505
<i>Adjustment for:</i>		
Depreciation and Amortisation	86 658 326	83 872 349
Gains on disposal of Property Plant and Equipment	(1 468 768)	(1 053 304)
Loss on Disposal of Property Plant and Equipment	5 009 379	4 983 520
Donated property, plant and equipment	(208 199)	(7 351 399)
Other non-cash items	(5 170 654)	(2 380 179)
Increase/(Decrease) in provisions	733 977	3 464 067
Increase/(decrease) in consumer deposits	975 435	1 661 345
Investment income	(40 174 471)	(31 923 651)
Interest paid	14 277 679	15 512 425
Operating surplus before working capital changes:	173 168 939	188 156 678
(Increase)/decrease in inventories	(2 253 934)	(2 777 489)
(Increase)/decrease in exchange transactions	(5 450 232)	(4 037 331)
(Increase)/decrease in non- exchange transactions	(10 412 122)	(7 005 810)
(Decrease)/increase in unspent conditional grants and receipts	6 586 423	(7 943 458)
Increase/(Decrease) in net operating leases	(4 476)	(84 607)
Increase/(decrease) in Payables from Exchange transactions	(17 778 060)	31 911 040
Increase/(Decrease) in VAT	(5 116 033)	1 751 507
Cash generated by/(utilised in) operations	138 740 505	199 970 530

43. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The Municipality was engaged in exchange transactions of non- monetary assets during the year. Various municipal properties were exchanged for similar assets acquired from the registered owners.

44. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 15)	129 676 549	140 362 635
Used to finance property, plant and equipment - at cost	(129 676 549)	(140 362 635)
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	9 689 461	9 358 721
Cash invested for repayment of long-term liabilities	9 689 461	9 358 721

Long- term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that the upcoming annual payment for long- term liabilities can be made.

45. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**45.1 Unauthorised expenditure**

Opening Balance	6 665 365	2 661 368
Unauthorised capital expenditure in the current year	5 232 189	-
Unauthorised operating expenditure in the current year	23 186 000	6 665 365
	35 083 554	9 326 733
Less: Approved/Condoned by Council	(6 665 365)	(2 661 368)
Unauthorised expenditure awaiting authorisation	28 418 189	6 665 365

The department of Development services was overspend by an amount of R 22 351 682. The revenue has increased accordingly. The Department received funding for Housing Top Structure from the Department of Human Settlement. Due to a misinterpretation of the circular, the expense occurred which was not budgeted for. After consultation with Provincial Administration Western Cape it was decided that the expenditure was for the account of the Municipality which resulted in the overspending of the amount as it was not budgeted.

The department of Corporate Services was overspend by an amount of R 834 318 due to the Deprecation expenses not budgeted correctly. This is a non- cash transaction.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****45. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (continued)****2019
R****2018
R**

The department of Finance overspend by an amount of R 5 170 615 attributed to the vesting of properties in the name of the Municipality which was not budgeted. This is a non- cash transaction.

The department of Protection services was overspend by an amount of R 61 574 due to a donation received from TMT for computer equipment in the amount of R 205 849. Savings in the department decreased the overspending.

45. 2 Fruitless and wasteful expenditure

Opening Balance	2 940	3 665
Fruitless and wasteful operating expenditure in the current year	4 902	2 940
	7 842	6 605
Less: Written- Off	(2 940)	(2 243)
Less: Recovered	-	(1 422)
Fruitless and wasteful expenditure awaiting authorisation/to be recovered	4 902	2 940

45. 3 Irregular expenditure

Opening Balance	-	60 973
Irregular capital expenditure in the current year	-	-
Irregular operating expenditure in the current year	-	-
	-	60 973
Less: Approved/Condoned by Council	-	(60 973)
Irregular expenditure awaiting authorisation/to be recovered	-	-

46. ADDITIONAL DISCLOSURE IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**47. 1 Contributions to organized local government**

Opening balance	-	-
Council subscriptions (Discount included)	2 135 153	1 923 272
Amount paid - current year	(2 092 655)	(1 906 654)
Amount paid - previous years	(42 498)	(16 618)
Amount received - previous years	-	-
Balance unpaid (included in creditors)	-	-

47. 2 Audit fees

Opening balance	-	-
Current year audit fee	3 189 874	2 391 359
Amount paid - current year	(2 659 168)	(2 391 359)
Amount written back - previous years	-	-
Balance unpaid (included in creditors)	530 706	-

47. 3 VAT

VAT input receivables and VAT output payables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****2019
R****2018
R****47. 4 PAYE, UIF and SDL**

Opening balance	-	-
Current year payroll deductions	30 340 934	26 912 137
Amount paid - current year	(30 340 934)	(26 912 137)

Balance unpaid (included in creditors)

-	-
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47. 5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	50 181 677	46 404 724
Amount paid - current year	(50 181 677)	(46 404 724)

Balance unpaid (included in creditors)

-	-
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47. 6 Councillor's arrear consumer accounts

During the financial year under review no Councillor was in arrear with the settlement of their municipal accounts.

47. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents as listed below have been condoned.

30 June 2019

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of <i>Nelson Mandela University</i> for Law Enforcement by Peace Officers (LEPO) training. Item 7.8 of the minutes of the Executive Mayoral committee held on 18 July 2018.	The Municipality's Integrated Development Plan and Government requirements determine that Law Enforcement Officers and Reservists must receive training as Law Enforcement by Peace Officer for the enforcement and improvement of debt collection. Twenty Seven employees have been nominated to enrol for the training over a period of 5 days. The municipality deviated from the normal supply chain procedures by appointing the <i>Nelson Mandela University</i> for the training as they are the only institution providing fully accredited Law Enforcement by Peace Officer training on a NQF 5 level.	R 98 550
Appointment of <i>Transtech</i> for the repair to the Refuse Compactor CK 21988. Item 7.13 of the minutes of the Executive Mayoral committee held on 17 August 2018.	Refuse removal truck CK 21988 is fitted with a Heil 500 compactor unit. The bottle pins was the cause of the faulty operation and had to be replaced. <i>Transtech</i> is the original manufacturer, franchise holder and sole supplier for Heil equipment in South Africa. The service can therefore only be obtained from this service provider.	R 73 911
Appointment of <i>Hydromatic</i> for the emergency repair work to the Sewerage Blockage Truck CK18526. Item 7.14 of minutes of the Executive Mayoral committee held on 17 August 2018.	Sewerage truck (CK 18526) equipped with specialised equipment is used to clear blockages in the main sewer drainage systems. The municipal fleet comprises of only one such vehicle and without the availability of the truck, the ability to clear sewerage blockages to prevent failure of the sewer drainage system is severely impaired. The gearbox of the truck suffered mechanical failure and <i>Hydromatic</i> who specialises in gearbox repairs, was requested to provide a quotation. The Acting Municipal Manager approved the repairs to the truck as an emergency to prevent the inevitable failure of the sewer drainage system should the sewerage blockage truck be out of service for an extended period of time.	R 95 191
Appointment of <i>Transtech</i> for the repair to the Refuse Compactor CK 43815. Item 7.15 of the minutes of the Executive Mayoral committee held on 17 August 2018.	Refuse removal truck CK 43815 is fitted with a Heil 500 compactor unit. The main ejector cylinder of the compactor unit was faulty and was taken to <i>Transtech</i> for repairs. <i>Transtech</i> is the original manufacturer, franchise holder and sole supplier for Heil equipment in South Africa. The service can therefore only be obtained from this service provider.	R 81 908

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****47. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)****47. 30 June 2019 (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of <i>Gene Louw Traffic College</i> for the provision of Basic Traffic Officer training. Item 7.16 of minutes of the Executive Mayoral committee held on 17 August 2018.	According to the Municipality's Integrated Development Plan and Government requirements, Basic Traffic Officers training has been identified. Four of our employees have been nominated to enrol for the Basic Traffic Officer training. The municipality deviated from the normal supply chain procedures and appointed the <i>Gene Louw Traffic College</i> as they are the only service provider who provides the training on a NQF 5 level over a period of 12 months.	R 126 952
Appointment of <i>West Volt Community Training</i> for the provision of the Wireman's Unit Standards Training. Item 7.17 of minutes of the Executive Mayoral committee held on 18 October 2018.	Tender SCM63/17/18 was awarded to <i>West Volt Community Training Institute</i> service for the provision of the Installation Rules Prep and examination accredited training over a period of 2 weeks fulltime. Three of our employees successfully completed this training from 19 February to 2 March 2018. In order to be competent these employees need to attend the Wireman's Unit Standards as well, which was not part of tender SCM63/17/18. The municipality deviated from the prescribed Supply Chain Management procedures with the appointment of <i>West Volt Community Training Institute</i> to provide further training for the following reasons: (i) Fully accredited training as required for Wireman's Unit Standards training is provided by the service provider; and (ii) It is considered impractical as the service provider has already presented the introductory course.	R 31 350
Appointment of <i>Northmec</i> for the replacement of the gearbox of the Case TLB CK 29892. Item 7.14 of minutes of the Executive Mayoral committee held on 23 November 2018.	Machine TLB, Case CK 29892 is used for the maintenance of water and sewer services in the Riebeek Kasteel, Riebeek West and Ongegund area. Due to mechanical failure of the gearbox, <i>Northmec</i> was requested to determine the extent of the damage, prepare a quotation for the repairs and to report on the feasibility of a repair or replace option. <i>Northmec</i> recommended the replacement of the gearbox with a reconditioned one. The municipality deviated from the prescribed procurement procedures by appointing <i>Northmec</i> for the replacement of the gearbox, due to the following reasons: (i) The service provider is the original equipment supplier and service agent for Case equipment in South Africa. (ii) It would be impractical to follow the official procurement processes if the extent of work <i>Northmec</i> has performed to prepare the quotation and recommendation report.	R 296 000
Appointment of <i>MacSteel</i> for the emergency repair of a pressure reducing valve. Item 7.15 of minutes of the Executive Mayoral committee held on 23 November 2018.	A pressure reducing valve (PRV) regulates flow and pressure in the supply of water to the Wesbank reservoir. The installation is at a remote location and has recently been subjected to substantial vandalism. <i>Macsteel</i> is the original service provider and sole supplier who was contracted to do the original installation. Due to an emergency, <i>Macsteel</i> was contacted to do a damage assessment and repairs to prevent prolonged water supply interruption to consumers in the Wesbank reservoir distribution zone.	R 30 837
Appointment of <i>Power Transformers</i> for urgent repairs to the Darling reservoir. Item 7.16 of minutes of the Executive Mayoral committee held on 23 November 2018.	Due to an emergency, a replacement transformer core was required urgently to reinstate the normal electricity supply at the existing mini-substation providing electricity to Darling Spar and surrounding areas to alleviate the emergency situation. <i>Power Transformers</i> , a known reputable transformer manufacturer located in the Western Cape was contacted for assistance. Upon investigation it was determined that the high voltage core of the transformer failed and short-circuited internally and that the damage was irreparable. <i>Power Transformers</i> could supply the component immediately and the quotation obtained was considered as fair and reasonable.	R 118 450

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****47. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)****30 June 2019 (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of Town Planners and Surveyors for services rendered during 2018/19. Item 7.2 of 18 October 2018, Item 7.7 of 23 January 2019, Item 7.3 of 17 April 2019 and Item 6.3 of 17 July 2019 of the minutes of the Executive Mayoral committee and Item 7.6 on the Agenda of the Council meeting held on 25 July 2019.	In paragraph 2(6) of the Supply Chain Management Policy provision is made for exceptions from the supply chain processes regarding the procurement of certain services. These services include the appointment of town planners and surveyors. In these instances only 1 quote needs to be obtained.	R 2 453 306
Appointment of <i>Tricom Africa</i> for urgent repairs to the booster pump supplying water to the Chatsworth reservoirs. Item 7.12 of minutes of the Executive Mayoral committee held on 13 December 2018.	The municipality deviated from the prescribed Supply Chain Management (SCM) procedures with the repair of one of the two booster pumps that supply drinking water from Riverlands pump station to the reservoirs in Riverlands and Chatsworth. The municipality called on <i>Tricom Africa</i> to provide a quotation for the repairs to be done as they are suitably qualified for this purpose, have comprehensive experience in work of this nature and magnitude and successfully provided similar services to the municipality in the past. The situation was considered as an emergency to prevent the Chatsworth and Riverlands communities going without water for an extended period of time. Therefore <i>Tricom Africa</i> was appointed to repair the pumps.	R 32 726
Appointment of <i>GW Trautman</i> for urgent repairs to the motor of the Aerator at the Moorreesburg Waste Water Treatment Works. Item 7.13 of minutes of the Executive Mayoral committee held on 13 December 2018.	Due to an emergency, <i>GW Trautman</i> as a suitably qualified and experienced service provider was appointed to repair the aerator at the sewerage plant in Moorreesburg. Aerators are considered as critical equipment in the purification process as it is dependent on oxygen. The urgent repair was therefore essential for the sewerage process to ensure that we comply with regulatory standards and the quality of the effluent does not cause harm to the environment.	R 39 655
Appointment of <i>Ducharme Consulting (PTY) LTD</i> for assistance regarding the late submission of the Annual Financial Statements. Item 7.14 of minutes of the Executive Mayoral committee held on 13 December 2018.	During the finalisation of the 2017/2018 Financial Statements it was discovered that the assets register does not reconcile with the general ledger due to system errors. Management urgently required assistance and obtain a quote from <i>Ducharme Consulting (PTY) LTD</i> as they were on site for the review of the Financial Statements. The firm has the requisite skill, expert knowledge and capacity from a GRAP and Accounting Framework context. The municipality deviated from the prescribed Supply Chain Management procedures with the appointment of <i>Ducharme Consulting (PTY) LTD</i> for the following reasons: (i) The already late submission of the Financial Statements is regarded as an emergency and it would further delay the submission thereof with at least another 10 days as the informal tender has to be advertised for 7 days. (ii) Following the normal procurement procedure would also delay the Auditor General's audit process.	R 69 417
Appointment of <i>GW Trautman</i> for urgent repairs to the submersible pump at the inlet works at the Malmesbury Waste Water Treatment Works. Item 7.10 of minutes of the Executive Mayoral committee held on 17 April 2019.	The Waste Water Treatment Works (WWTW) at Malmesbury receives raw sewerage and provides for elevation through submersible pumps, which enable gravity flow to the rest of the treatment plant. One of these pumps suffered mechanical failure and <i>GW Trautman</i> , a reputable company with the required skills and knowledge, was requested to strip the pump in order to assess the extent of the repairs to be performed. The municipality deviated from the prescribed procurement process as the repair of the pump was treated as an emergency for the following reasons: (i) The submersible pump would have been left out of service for an extended period of time; and (ii) Could result in the treatment process failure, causing the flooding of the sewerage drainage system and an interruption in the sewerage service.	R 26 586

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****47. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)****30 June 2019 (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of <i>Barloworld Equipment</i> for repair work to Caterpillar 928H front-end loader, CK43236. Item 7.11 of minutes of the Executive Mayoral committee held on 17 April 2019.	Due to a mechanical failure of the brakes on the rear differential of Front-end Loader, <i>Barloworld Equipment</i> was requested to investigate, report on the extent of the damage, prepare a quotation for the repairs and to report on the feasibility of a repair or replace option. The municipality deviated from the prescribed procurement procedures by appointing <i>Barloworld Equipment</i> for the following reasons: (i) The service provider is the original equipment supplier and service agent for Caterpillar equipment in South Africa. (ii) The extent of work <i>Barloworld Equipment</i> performed on the machine to be able to prepare the report and quotation it would be impractical to follow the official procurement processes.	R 204 009
Appointment of Attorneys for services rendered during 2018/19. Item 7.2 of 18 October 2018, Item 7.7 of 23 January 2019, Item 7.3 of 17 April 2019 and Item 6.3 of 17 July 2019 of the minutes of the Executive Mayoral committee and Item 7.6 on the Agenda of the Council meeting held on 25 July 2019.	In paragraph 2 (6) of the Supply Chain Management Policy provision is made for exceptions from the supply chain processes regarding the procurement of certain services. These services include the appointment of attorneys. In these instances only 1 quote needs to be obtained.	R 2 767 769
Appointment of service providers for the servicing and repairs of Vehicles and Equipment at the authorised manufacturing agents rendered during 2018/19. Item 7.2 of 18 October 2018, Item 7.7 of 23 January 2019, Item 7.3 of 17 April 2019 and Item 6.3 of 17 July 2019 of the minutes of the Executive Mayoral committee and Item 7.6 on the Agenda of the Council meeting held on 25 July 2019.	In paragraph 2(6) of the Supply Chain Management Policy provision is made for exceptions from the supply chain processes regarding the procurement of certain services. These services include the appointment of Service Providers for services and repairs of vehicles and equipment at the authorised agents. In these instances only 1 quote needs to be obtained.	R 3 158 106
General	Although the SCM processes were followed, three quotations could not be obtained for 407 cases.	R 3 447 452
Appointment of <i>Graanland Ingenieursdienste</i> for repair work to GMC Fire Engine, CK35669. Item 6.24 of minutes of the Executive Mayoral committee held on 22 May 2019.	GMC Fire Engine (CK 35669) had to be repaired and a process was followed to find a service provider willing to work on the vehicle as it is quite old. <i>Graanland Ingenieursdienste</i> was requested to determine the extent of the damage and to prepare a quote for the repairs, but they required certain components to be disassembled to identify, isolate and address the technical faults. It was found that the diff should be refurbished and a quotation of R 46 738,48 (VAT included) was submitted for the replacement of the diff and bearings. The municipality deviated from the prescribed procurement procedures by appointing <i>Graanland Ingenieursdienste</i> for the replacement of the gearbox, due to the following reasons: (i) They were the only service provider willing to repair the vehicle. (ii) It would be impractical to follow the official procurement processes as they had to dismantle the vehicle to find the errors and therefore impractical to obtain further quotes since double costs will be incurred by other suppliers.	R 40 642

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****48. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****48. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)****30 June 2019 (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of <i>Emerald</i> for repair work to a 15kVA UPS. Item 6.25 of minutes of the Executive Mayoral committee held on 22 May 2019.	A 15kVA UPS (uninterruptible power supply) is in service in the municipal computer room to provide a constant electricity supply to all ICT (information and communication) equipment in the event of a disruption of the electricity supply. On Monday, 8 April 2019 at 04:06 the UPS malfunctioned and the company Emerald appointed for maintenance of the UPS equipment, confirmed that the unit could not readily be repaired and had to be replaced. As a result of the failure of the UPS, no ICT services would be available in the event of any disruption of the electricity supply which constituted an emergency situation. The company appointed for maintenance, Emerald could source a compatible replacement UPS and submitted a quotation for the immediate supply, delivery and commissioning of the unit. The company is suitably qualified for this purpose, has comprehensive experience in work of this nature and has successfully provided similar services to the Municipality in the past. The quotation amounted to R91 717.05 excluding VAT. Three other companies were contacted but could not supply a compatible UPS on short notice.	R 91 717
Appointment of <i>Transtech</i> for the repair to the Refuse Compactor CK43815. Item 7.14 of the minutes of the Executive Mayoral committee held on 19 June 2019.	Refuse removal truck CK 43815 is fitted with a Heil 500 compactor unit. The compactor unit was discovered to be faulty and was taken to <i>Transtech</i> for repairs. It was determined that the blade and slide assembly was the cause of the faulty operation and had to be replaced. A quotation to the amount of R 101 158.21 (including VAT) was obtained from <i>Transtech</i> for the said repairs. <i>Transtech</i> is the original manufacturer supplier and franchise holder for Heil equipment in SouthAfrica. The service can therefore only be obtained from this single service provider.	R 87 964
Appointment of <i>Tricom Africa</i> for repair work to the Booster Pump Supplying Water to the Chatsworth Reservoirs. Item 7.15 of minutes of the Executive Mayoral committee held on 19 June 2019.	A booster pump station located at Riverlands is an essential part of the infrastructure that supplies water to Riverlands and Chatsworth. The pump station is equipped with booster pumps that feed water to the Chatsworth reservoirs. One of the booster pumps has suffered mechanical failure which interrupted the supply to the reservoirs. To avoid prolonged interruption in water supply to Riverlands and Chatsworth, the repairs to the pump had to be made as an emergency. <i>Tricom Africa</i> , an appropriately experienced company, were called to assess the damage and to prepare a quotation. The quotation amounted to R 31,436.02 excluding VAT. The repairs to the Riverlands pump station booster pump had to be done as an emergency to prevent prolonged water interruption to Riverland and Chatsworth.	R 31 436
Appointment of <i>Louw Diggers</i> for hiring of Front End Loader. Item 7.16 of minutes of the Executive Mayoral committee held on 19 June 2019.	Illegal dumping is a major concern in the Swartland area, and it is a severe and constant challenge. Currently the problem is addressed by continuous clean-up activities throughout the entire Swartland area. Due to mechanical faults, the front-end loader (CK 49106) used by the Solid Waste Management Department to clean-up illegal dumping in the Swartland Municipal Area, was out of service for four weeks whilst being repaired. The municipality had to urgently hire a front-end loader as four weeks is too long to leave illegal dumping unattended. A quotation to the amount of R 93 150.00 (including VAT) was obtained from Louw Diggers for the hire of a loader for the following reasons: (i) The front-end loader used to clean-up illegal dumping was out of service for a period of four weeks for repairs to be done; (ii) Without the continuous removal of illegal dumping, build-up of domestic waste would occur which would cause a health hazard to vulnerable communities; (iii) A front-end loader had to be hired as an emergency to ensure the continuous removal of illegal dumping.	R 81 000

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****48. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****48.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)****30 June 2018**

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of <i>Lumico (Pty) Ltd</i> for the management of the municipality's Facebook. Item 6.9 of the minutes of the Executive Mayoral committee held on 19 July 2017.	The municipality deviated from the prescribed Supply Chain Management (SCM) procedures with the appointment of Lumico (Pty) Ltd for the urgent management of the municipality's Facebook Domain since the firm met all requirements with regards to knowledge and specialist skills in the field of digital marketing. The Municipal Manager approved the deviation in terms of a service delivery agreement with effect from 1 July 2017 to 30 June 2020 for the following reasons: (i) The sub-water domain had to be linked and managed via Face Book on an urgent basis given the public outcry and negativity created by members of public claiming that they only use Face Book to be informed and took to Face Book to air their disgust and concern claiming that the municipality was not using Face Book as an effective medium and interface. It further required real time responses to the public on a daily basis, updating same with the latest modelling of dam levels in the Metro and linking when so required to print media messages and other critical marketing efforts in a bid to get the public to understand the impact of the impending water crises. The dire water crises in the region necessitated urgent action by the Municipal Manager in a bid to get the public at large to cooperate and use less water.	R 183 375
Appointment of <i>Weigh-Comm Consultancy (Pty) Ltd</i> for the repair and calibration of the weigh bridge at the Highlands Landfill site. Item 7.8 of the minutes of the Executive Mayoral committee held on 11 October 2017.	Weigh-Comm Consultancy (Pty) Ltd, who installed the weighbridge, performed a calibration inspection and detected a deviation of 4.5% in the weight measurements. Since the billing of waste is calculated in accordance with the information derived from the weighbridge, it was regarded as an emergency to avoid further loss of revenue. Weigh-Comm was instructed to prepare a quotation which entailed the dismantling and stripping of the equipment. The prescribed procurement procedures were not followed with the appointment of Weigh-Comm Consultancy (Pty) Ltd for the repair and re-calibration of the weighbridge as it was considered impractical to follow an open tender procedure due to the extent of work required to determine the fault and to prepare a quotation. The Executive Mayoral Committee condoned this action of the Accounting Officer.	R 77 128
Appointment of <i>Lumico (Pty) Ltd</i> for the creation of a website subdomain for the communication regarding the water crisis. Item 7.13 of minutes of the Executive Mayoral committee held on 15 November 2017.	The exceptional circumstances relating to the water crisis require that the public is provided with "real time" information. Lumico (Pty) Ltd, who has been appointed to manage our social media, recommended the creation of a website subdomain for continuous communication regarding the water crisis as the technology of the municipality's website is outdated. The Municipal Manager approved the deviation for the following reasons: (i) Non-existence of the internal capacity, skills and applicable expertise to adapt its webpage to effectively manage the water crisis; (ii) It regarded as an emergency due to the looming water crisis and exceptional circumstances require that the webpage be activated soonest to continuously inform the public with all related matters.	R 35 000
Appointment of <i>Malnots CC (trading as Malnoplata)</i> for the water awareness campaign. Item 7.15 of minutes of the Executive Mayoral committee held on 15 November 2017.	A graphic designer, Malnots CC (trading as Malnoplata) has been appointed to do various designs for material whereby awareness of the current water situation could be enhanced, including the design of A1 street pole posters, A3 posters, banners, signage boards, bookmarks, water pins, etc. The Municipal Manager approved the deviation to appoint Malnots CC for the following reasons: (i) The looming water crisis and exceptional circumstances require that public awareness be raised as soon and as extensive as possible; (ii) Three quotations were obtained to test the market, in an attempt to speed up the matter.	R 47 412

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****48. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****48. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)****30 June 2018 (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of <i>Paperjet Print</i> for the printing of material for the purpose of the water awareness campaign. Item 7.14 of minutes of the Executive Mayoral committee held on 15 November 2017.	In view of the severe drought situation, a task team was recently called into being with a view of managing, inter alia, all communication-related aspects pertaining to the looming water crisis. A graphic designer, Paperjet Print has subsequently been appointed to do various designs and the printing of material for the water awareness campaign, including the design of A1 street pole posters, A3 posters, banners, signage boards, bookmarks, water pins, etc. The Municipal Manager approved the deviation for the following reasons: (i) The looming water crisis and exceptional circumstances require that public awareness be raised as soon and as extensive as possible; (ii) Four quotations were indeed obtained to test the market, in an attempt to speed up the matter.	R 56 370
Appointment of Geoss for Geohydrological studies. Item 7.16 of minutes of the Executive Mayoral committee held on 15 November 2017.	The drought placed enormous strain on potable water supply in the region. One option is to extract groundwater by means of boreholes to supplement potable water supply to the towns in Swartland. Prior to drilling a borehole, a geohydrological evaluation must be done to identify suitable locations for groundwater extraction. The Department: Local Government (Western Cape) confirmed that Geoss was appointed by them to perform geohydrological studies in the West Coast District area, and that Swartland Municipality may make use of this appointment to conduct a desktop study for groundwater exploration at the cost of the Department. Swartland Municipality will save on the cost to conduct a study and significantly speed up the process to start drilling boreholes by making use of this opportunity.	R 410 110
Appointment of <i>GW Trautmann</i> for the repair to the gearbox of an aerator. Item 7.17 of minutes of the Executive Mayoral committee held on 15 November 2017.	Failure of aerators severely compromises the WWTW's ability to produce compliant quality effluent. An aerator in the Pasveer recently suffered a severe mechanical gearbox failure. It had to be removed in order to inspect the equipment and determine the damage and necessary repairs. Such inspections and repairs can only be carried out by suitably qualified and experienced service providers. The Municipality therefore called on the expertise of GW Trautmann to undertake the assessment of the damage to the aerator. Due to the size of the equipment and the considerable effort involved in the removal, transportation and inspection thereof, it is impractical and would be costly to follow the supply chain procedures in order to test the market. The Municipal Manager therefore approved the deviation from the prescribed procurement process to appoint GW Trautmann to repair the aerator.	R 87 575
Appointment of <i>N2 Consultants</i> and " <i>Swartland Ingenieurswerke</i> " for urgent repairs to the Darling reservoir. Item 7.18 of minutes of the Executive Mayoral committee held on 15 November 2017.	During a routine maintenance inspection of the Darling Reservoir a serious water leakage was discovered in the pipe network under the reservoir and a fault in the concrete structure. SKCM, the consulting engineers provided us with a quote from N2 Consultants, an accredited contractor to do the necessary repair works. Whilst the reservoir was empty we discovered that the access ladders into the reservoir had to be replaced as it was rusted and unsafe. We obtained a quote from " <i>Swartland Ingenieurswerke</i> ". The urgent repairs to the reservoir were regarded as an emergency and therefore the municipality deviated from the prescribed supply management procedures to appoint N2 Consultants for the repair of the reservoir floor and " <i>Swartland Ingenieurswerke</i> " for replacing the access ladders.	R 148 960 and R 49 400 respectively.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****48. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****48.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)****30 June 2018 (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of <i>Universal Knowledge Software (Pty) Ltd</i> for the training of four staff members to obtain an Occupational Certificate: Library Assistant. Item 7.14 of minutes of the Executive Mayoral committee held on 24 January 2018.	Training and development is regarded as a key function at Swartland Municipality. The purpose of this qualification is to prepare the learners to operate as a Library Assistants and therefore four of our employees were nominated to enrol for the Occupational Certificate: Library Assistant. Universal Knowledge Software (Pty) Ltd is the only service provider who provides the training on a NQF 5 level. The training is divided into three (3) sessions and an integrated assessment, which will be facilitated over 12 months.	R 125 886
Emergency repairs to irrigation pump, Darling Waste Water Treatment Works by <i>Tricom Africa</i> . Item 7.15 of the minutes of the Executive Mayoral committee held on 14 February 2018.	Treated effluent from the Darling Waste Water Treatment Works is used for irrigation purposes at the Gabriel Pharo sports grounds and the Golf Club in Darling. The treated effluent is pumped from the treatment works to the irrigation systems at both the sports grounds and the golf club. The pump that supplies the treated effluent to the irrigation systems has suffered mechanical damages and had to be repaired as a matter of urgency to prevent damage to the playing fields at the sport grounds and the greens of the golf club. Tricom Africa, a well-established company that continuously perform work of a high standard for the municipality was called to prepare a quotation to repair the pump. The acting Municipal Manager approved that the repairs be handled as an emergency and allowed for deviation from the normal procurement procedures.	R 28 744
Emergency repairs to aerator gearbox, Darling Waste Water Treatment Works by <i>GW Trautmann</i> . Item 7.14 of the minutes of the Executive Mayoral committee held on 18 April 2018.	Aerators are installed at the biological reactors of waste water treatment works to supply oxygen for the biological purification processes. A lack of oxygen will cause the micro-organisms to die resulting in a complete failure of the biological treatment process. The gearbox of an aerator at the Darling waste water treatment works suffered mechanical failure. GW Trautmann, a well-established company with the ability to conduct the required repairs was contacted to prepare a quotation. The Municipal Manager approved that the repairs to the gearbox be handled as an emergency due to the inevitable failure in the treatment process, should the aerator be out of service for an extended period of time.	R 61 445
Emergency repairs to the macerator, Malmesbury Waste Water Treatment Works by <i>GW Trautmann</i> . Item 7.20 of the minutes of the Executive Mayoral committee held on 14 June 2018.	The Malmesbury waste water treatment works utilises membrane technology for the tertiary treatment process. The membranes are protected from foreign matter entering the membrane tanks through a series of barriers. These barriers comprise a macerator, centrifugal grit removal equipment and a number of rotating drum screens of different sizes. The macerator protects the membranes, the raw water pumps and rotating drum screens. Failure of the macerator will unavoidably result in damages to the mentioned mechanical equipment and membranes. The macerator has suffered mechanical failure and a quotation was obtained from GW Trautmann, a well-established company with the ability to conduct the required repairs on an urgent basis. The Municipal Manager approved that the repairs to the macerator be handled as an emergency due to the inevitable damages to downstream mechanical equipment, should the macerator be out of service for an extended period of time.	R 121 246

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****48. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****48.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)****30 June 2018 (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Emergency repair work at Ongegund Reservoir by <i>N2 Consulting</i> . Item 7.21 of the minutes of the Executive Mayoral committee held on 14 June 2018.	During a routine maintenance inspection of the Ongegund reservoir it was discovered that a severe leak has developed between the base and the walls of the structure. The leak led to serious water losses and was a huge concern because of extreme water shortage in the Swartland due to the prevailing drought. N2 Consulting, a suitably qualified and experienced contractor was contacted to provide a quotation, due to the very specific technical nature of the required work for waterproofing a reservoir. The Municipal Manager approved that the waterproofing of the reservoir be handled as an emergency to curtail unavoidable water losses that would occur following a lengthy procurement process.	R 148 933
Emergency repairs to the roof above Malmesbury Town Hall by <i>Green Construction</i> . Item 7.22 of the minutes of the Executive Mayoral committee held on 14 June 2018.	Roof leaks above the kitchen of the town hall and offices of the Department of Corporate Services were reported on 9 May 2018. Internal inspections revealed that the joints between the roof covering and roof ridges, and the joints between the wall and flashings were damaged causing water to penetrate inside the building close to the main electrical switchboard and communication distribution box. Ceiling boards were also damaged by the water. Considering the above and with the rainy season on hand, the Manager: Buildings and Structures obtained a quotation from Green Construction who was able to commence with the work immediately. The Municipal Manager, based on the information provided to him and to avoid any risk of loss of life, electrical failure or further damage to ceilings, approved that the repairs be handled as an emergency.	R 51 545
Purchase of two mobile pump sets for Emergency Water Supply from <i>ZCB Engineering</i> . Item 7.23 of the minutes of the Executive Mayoral committee held on 14 June 2018.	The Mayor declared a local state of disaster on 28 June 2017 due to the impact of the prevailing drought in the Western Cape on the Swartland Municipal area. A three phase emergency plan was approved by the Executive Mayoral Committee which includes an emergency pumping scheme to be implemented once the level in the Voëlvlei dam drops below 12.5% as natural flow through the channel leading to the Swartland Water Treatment Works will no longer be possible below this level. A demand calculation and pump selection exercise identified that two diesel powered pumps would be sufficient and economical. Quotations were obtained from reputable suppliers and the Municipal Manager approved that the two pumps may be acquired from ZCB Engineering as an emergency in order to be sufficiently prepared for a possible failure of the emergency pumping scheme in the Voëlvlei dam.	R 1 397 987
Service and repairs of Aerzen blower unit by <i>Aerzen Airgas (Pty) Ltd</i> . Item 7.13 of the minutes of the Executive Mayoral committee held on 18 April 2018.	The Malmesbury waste water treatment works utilises membrane technology for the tertiary treatment process. The membranes require course bubble and diffused bubble aeration for the scouring of the membranes and for biological treatment. The Aerzen blower units are German manufactured and serviced and repaired by the original manufacturer support in South Africa, Aerzen Airgas (Pty) Ltd. The Municipal Manager approved that the service and repairs to one of the blower units be performed by the original manufacturer support in South Africa, Aerzen Airgas (Pty) Ltd as the service is only available from this single service provider.	R 78 858
Appointment of Attorneys for services rendered during 2017/18. Item 7.5 of 11 October 2017, Item 7.6 of 24 January 2018, Item 7.2 of 18 April 2018 and Item 7.2 of 18 July 2018 of the minutes of the Executive Mayoral committee and Item 7.1 on the Agenda of the Council meeting held on 26 July 2018.	In paragraph 2 (6) of the Supply Chain Management Policy provision is made for exceptions from the supply chain processes regarding the procurement of certain services. These services include the appointment of attorneys. In these instances only 1 quote needs to be obtained.	R 321 670

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****48. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)****48. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)****30 June 2018 (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of Town Planners and Surveyors for services rendered during 2017/18. Item 7.5 of 11 October 2017, Item 7.6 of 24 January 2018, Item 7.2 of 18 April 2018 and Item 7.2 of 18 July 2018 of the minutes of the Executive Mayoral committee and Item 7.1 on the Agenda of the Council meeting held on 26 July 2018.	In paragraph 2(6) of the Supply Chain Management Policy provision is made for exceptions from the supply chain processes regarding the procurement of certain services. These services include the appointment of town planners and surveyors. In these instances only 1 quote needs to be obtained.	R 1 171 438
Appointment of service providers for the servicing and repairs of Vehicles and Equipment at the authorised manufacturing agents rendered during 2017/18. Item 7.5 of 11 October 2017, Item 7.6 of 24 January 2018, Item 7.2 of 18 April 2018 and Item 7.2 of 18 July 2018 of the minutes of the Executive Mayoral committee and Item 7.1 on the Agenda of the Council meeting held on 26 July 2018.	In paragraph 2(6) of the Supply Chain Management Policy provision is made for exceptions from the supply chain processes regarding the procurement of certain services. These services include the appointment of Service Providers for services and repairs of vehicles and equipment at the authorised agents. In these instances only 1 quote needs to be obtained.	R 2 570 759
General	Although the SCM processes were followed, three quotations could not be obtained for 407 cases to the value of R 3 447 452.	R 3 447 452

47. 8 Material losses: Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

	2019 R	2018 R
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Material Electricity and Water Losses were as follows and are not recoverable:

Electricity distribution losses

Units purchased (kWh)	197 240 434	192 567 578
Units sold (kWh)	186 155 146	181 277 050

Units lost during distribution (kWh)	11 085 288	11 290 528
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Percentage lost during distribution	5.62	5.86
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Electricity Losses occur due to inter alia, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing occurrence, with regular action being taken against defaulters. Faulty meters are replaced as soon as it is reported.

Water distribution losses

Kilolitres purchased	3 774 907	3 442 200
Kilolitres sold	3 143 764	2 789 152

Kilolitres lost during distribution	631 143	653 048
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Percentage lost during distribution	16.72	18.97
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Water Losses occur due to inter alia evaporation, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing occurrence, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as it is reported.

48. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for

<i>Infrastructure</i>	38 628 602	11 825 545
<i>Other</i>	36 876 853	8 137 913
	1 751 749	3 687 632

Non-cancellable Operating Lease Commitments are disclosed in Note 7.

Amounts are exclusive of VAT and the amount for infrastructure includes escalation cost.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

		2019 R	2018 R
49. FINANCIAL INSTRUMENTS			
49.1 Classification			
Financial Assets			
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:			
Finance Lease Receivables			
Housing Selling Scheme Loans	Financial assets at amortised cost	2 677	3 368
Trade and other receivables from exchange transactions			
Electricity	Financial assets at amortised cost	36 625 474	33 463 762
Water	Financial assets at amortised cost	12 419 069	10 796 903
Sewerage	Financial assets at amortised cost	5 691 709	5 100 325
Refuse Removal	Financial assets at amortised cost	4 912 554	4 166 082
Housing Rentals	Financial assets at amortised cost	50 119	47 861
Other Debtors	Financial assets at amortised cost	1 931 911	2 605 671
Trade and other receivables from non-exchange transactions			
Rates	Financial assets at amortised cost	13 003 541	11 966 022
Insurance claims	Financial assets at amortised cost	155 883	737 441
Sundry debtors	Financial assets at amortised cost	20 689 468	10 701 330
Current Portion of Finance Lease Receivables			
Housing Selling Scheme Loans	Financial assets at amortised cost	691	2 894
Bank Balances and Cash			
Bank Balances	Financial assets at amortised cost	525 963 430	460 783 361
Cash Floats and Advances	Financial assets at fair value	21 431	16 030
Total Financial Assets		621 467 957	540 391 050
Financial liabilities			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:			
Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	119 987 088	131 003 914
Consumer Deposits			
Electricity and Water	Financial liabilities at fair value	12 750 568	11 775 133
Creditors			
Trade payables	Financial liabilities at amortised cost	57 873 945	76 448 383
Retentions	Financial liabilities at amortised cost	3 913 384	3 443 257
Staff leave	Financial liabilities at amortised cost	11 068 271	10 031 115
Other creditors	Financial liabilities at amortised cost	5 253 731	6 156 474
Current Portion of Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	9 689 461	9 358 721
Total Financial Liabilities		220 536 448	248 216 997

Comparatives have been restated due to the correction of an error (refer to note 57).

49.2 Fair Value of Financial Instruments

Financial instruments at fair value are measured using valuation techniques based on observable inputs, i.e. as prices, or indirectly, i.e. derived from prices. (Level 2 of fair value hierarchy).

49.3 Capital Risk Management

The municipality manages its capital to ensure that it will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged since 2007.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 15, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Notes 2, 20 and 21 and the Statement of Changes in Net Assets.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	R	R

49. FINANCIAL INSTRUMENTS (continued)**49. 3 Capital Risk Management (continued)****Gearing Ratio**

The gearing ratio at the year-end was as

	Restated
	140 362 635
Debt	<u>129 676 549</u>
Equity	<u>2 273 364 529</u>
Net debt to equity ratio	5.70 % 6.50 %

Debt is defined as Long- and Short-term Liabilities as detailed in Note 15.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.

49. 4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits, implement controls and monitor adherence.

Due to the large non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's Performance and Risk Audit committee, an independent body that monitors the effectiveness of the internal audit function.

49. 5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date. The municipality has exposure to the following risks from its operations in Financial Instruments: Market risk, credit risk and liquidity risk. Risks and exposures are disclosed as follows:

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities. Maximum exposure to credit risk is not covered by collateral is specified. Financial instruments covered by collateral are specified. Each class of financial instrument is disclosed separately.

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 49.8 to the annual financial statements.

49. 6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 49.7 below). No formal policy exists to hedge volatilities in the interest rate market.

49. 7 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term debtors, consumer debtors, other debtors, and bank and cash balances.

The municipality is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****49. FINANCIAL INSTRUMENTS (continued)****49.8 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative **financial liabilities**. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

30 June 2019

Description	Average effective Interest	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years	Total
	%	R	R	R	R	R	R
INTEREST-BEARING INSTRUMENTS							
FIXED RATE INSTRUMENTS							
Unsecured Bank Facilities							
Development Bank	9.6700	151 211	150 640	301 280	753 199	-	1 356 330
Development Bank	9.5750	2 514 670	2 498 565	4 997 130	14 991 391	22 487 086	47 488 842
Development Bank	10.6650	4 303 137	4 269 156	8 538 312	25 614 936	64 037 341	106 762 882
Sanlam	10.9600	2 193 184	2 175 984	4 351 969	13 055 906	30 463 780	52 240 823
WCDM							
Development Bank	13.8000	1 124 996	1 124 996	-	-	-	2 249 992
Development Bank	6.7500	278 405	278 405	-	-	-	556 810
Development Bank	8.6050	786 151	754 466	1 432 547	1 955 173	-	4 928 337
ABSA	10.8700	1 347 813	1 039 261	2 427 014	-	-	4 814 088
Total Interest-bearing Instruments		12 699 567	12 291 473	22 048 252	56 370 605	116 988 207	220 398 104
NON-INTEREST-BEARING							
Current liabilities							
Consumer deposits		12 750 568					12 750 568
Creditors		98 541 024					98 541 024
Total Non-Interest-bearing Instruments		111 291 592	-	-	-	-	111 291 592
TOTAL		123 991 159	12 291 473	22 048 252	56 370 605	116 988 207	331 689 696

30 June 2018

Description	Average effective Interest	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years	Total
	%	R	R	R	R	R	R
INTEREST-BEARING INSTRUMENTS							
FIXED RATE INSTRUMENTS							
Unsecured Bank Facilities		9 094 345	9 094 345	18 188 691	54 566 072	135 026 259	225 969 712
Development	9.670 %	150 640	150 640	301 280	903 839	150 640	1 657 039
Development	9.575 %	2 498 565	2 498 565	4 997 130	14 991 391	27 484 216	52 469 867
Development	10.665 %	4 269 156	4 269 157	8 538 312	25 614 936	72 575 653	115 267 214
Sanlam	10.960 %	2 175 984	2 175 983	4 351 969	13 055 906	34 815 750	56 575 592
Total Interest-bearing Instruments		9 094 345	9 094 345	18 188 691	54 566 072	135 026 259	225 969 712
NON-INTEREST-BEARING							
Current liabilities							
Consumer		11 775 133	-	-	-	-	11 775 133
Trade Payables		98 541 024	-	-	-	-	98 541 024
Total Non-Interest-bearing		110 316 157	-	-	-	-	110 316 157
TOTAL UNDISCOUNTED		119 410 502	9 094 345	18 188 691	54 566 072	135 026 259	336 285 869

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
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49. FINANCIAL INSTRUMENTS (continued)**49. 8 Liquidity Risk Management (continued)**

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved by means of the increasing in tariffs and the continuous utilisation of unsecured bank loan facilities.

49. 9 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The maximum credit risk exposure in respect of the relevant financial instruments is as follows:

		Restated
Receivables from Exchange Transactions	65 725 390	60 246 606
Receivables from Non-Exchange Transactions	67 147 753	66 401 042
Finance lease receivables	3 368	6 262
Bank Guarantees	170 900	170 900
Bank and Cash Balances	525 984 861	460 799 391

Maximum Credit and Interest Risk Exposure

659 032 272	587 624 201
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The credit quality of financial assets that are neither past due nor impaired is assessed by reference to historical information about counterparty default rates.

Trade and other receivables from exchange transactions

Group 1	46 340 402	43 590 786
Group 2	677 046	766 955
Group 3	1 110 548	1 055 102

Total: Trade and other receivables from exchange transactions

48 127 996	45 412 843
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Finance lease receivables

Group 1	3 368	6 262
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Total finance lease receivables

3 368	6 262
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Trade and other receivables from non- exchange transactions

Group 1	21 254 151	11 516 504
Group 2	90 845	96 936
Group 3	167 015	139 460

Total: Trade and other receivables from non- exchange transactions

21 512 011	11 752 900
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SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	R	R

49. FINANCIAL INSTRUMENTS (continued)**49. 9 Credit Risk Management (continued)****Bank balances**

Standard Bank of South Africa/ABSA Bank

525 984 861**460 799 391**

Group 1 - High certainty of timely payment. Risk of non- payment is considered to be low as these receivables maintained a payment rate of more than 70 %.

Group 2 - Reasonable certainty of timely payment. The risk of non- payment is considered to be moderate as these receivables maintained a payment rate of 50 - 70 % during the year.

Group 3 - The risk factors of non- payment are larger as these receivables had a payment rate of below 50 % during the year.

50. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The personnel of the Swartland Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Local Authority Retirement Fund, The Consolidated Retirement Fund for Local Government, The National Municipal and Related Services Employee Retirement Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not nationally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The rate of contributions is provided below under each fund.

Each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality in respect of the defined contribution plans is to make the specified contributions.

LOCAL AUTHORITY RETIREMENT FUND

The Local Authority Retirement Fund operates as a defined contribution scheme.

The defined contribution scheme is a multi-employer plan and the contribution rate payable is 9.00 % by the members and 18.00 % by Council. The last valuations performed for the year ended 30 June 2018 (30 June 2017) had a overall funding level of 103.70 % (2017: 102.60 %) and is in a sound financial position. The next actuarial valuation will be as at 30 June 2019.

CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT

The contribution rate paid by the members (9.00 % by employees, 7.50 % by section 57 employees and 12.00% by councillors) and by Council (18.00 % for employees, 19.50 % for section 57 employees and 15.00 % for councillors) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2018 (30 June 2017) revealed that the fund had a funding level of 100.40 % (100.30 %). Certified to be in a sound financial position as at 30 June 2019.

MUNICIPAL WORKERS RETIREMENT FUND

The contribution rate payable is 7.50 % by the members 18 % by Council. Actuarial valuation on this fund is performed every three years, and the last valuation performed for the year ended 30 June 2017 (30 June 2014) certified that the fund is in a sound financial state. The funding level was 102.00 % at valuating date (2011: 111.70 %).

NATIONAL FUND FOR MUNICIPAL WORKERS

The above mentioned fund is a Defined Contribution Fund and the contribution rate paid by the members is 9.00 % and 7.50% by section 57 employees and that of council 18.00 % and 19.50 % respectively. The latest statutory valuation was done on 30 June 2015 (30 June 2014). As at 30 June 2015 the results state that the funding level was 100.42% (2014:100.10 %).

Employers do not have any liability for any fund's performances or deficits.

None of the above mentioned plans are state plans.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****51. RELATED PARTY TRANSACTIONS**

During the year the municipality rendered services to the following parties that are related to the municipality as indicated:

51.1 Services rendered to related parties

	Rates	Service Charges	Other	Outstanding Balances
30 June 2019				
Councillors	45 249	269 195	(444)	24 113
Municipal Manager and Section 57 Personnel	43 822	145 687	(2)	11 805
Total	89 071	414 882	(446)	35 918
30 June 2018				
Councillors	39 559	195 547	(5 653)	17 132
Municipal Manager and Section 57 Personnel	31 788	130 927	(2)	9 681
Total	71 347	326 474	(5 655)	26 813

The rates, service and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel (managers directly accountable to the Municipal Manager). No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Services rendered to key management personnel occurred within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality is reasonable to expect to have adopted if dealing with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality's legal mandate.

No councillor was in arrears for more than 90 days.

51.2 Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004.

51.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 31.

51.4 Other related party transactions

The Municipality entered into business transactions during the financial year under review with the service provider mentioned below. The said providers are considered to be related parties as they are in some way or other connected to the Municipality, either as councillor or family tie to employees of the Municipality. These transactions were duly concluded in compliance with the provisions of the Supply Chain Management Policy of the Municipality.

Service Provider	Relation to Service Provider	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Value of Transaction 2019 R	Value of Transaction 2018 R
Altimax (Pty) Ltd	Spouse	AF Henning	Seta	Consultant	126 960	-
Aurecon South Africa (Pty) Ltd	Spouse	H De Kock	Mango Airline	Pilot		-
	Parent	HG Esterhuizen	West Coast District Municipality	Senior Manager - Roads	4 307 166	2 766 447
	Parent	T Botha	Oudtshoorn Municipality	Technical Manager		-
	Parent	CJ Barry	City of Cape Town	Transport Department-Head: Finance		-
	Sibling	KA Bleazard	Department: Western Cape Government Transport & Public	Chief Architect		-
	Spouse	R Reddy-Maduray	Development Bank Southern Africa	Project Preparation Specialist		-
	Uncle	D Mayekiso	Department of local Government and Traditional Affairs	Assistant Director	-	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****51. RELATED PARTY TRANSACTIONS (continued)****51.4 Other related party transactions (continued)**

Service Provider	Relation to Service Provider	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Value of Transaction 2019 R	Value of Transaction 2018 R
	Spouse	D Ntsebeza	Buffalo City Metropolitan Municipality	Sanitation Engineering Manager	-	-
	Sibling	M Ntsebeza	Gauteng Department of Health: Springs Hospital	Doctor	-	-
	Cousin	N Ntsebeza	Intsika Yethu Municipality	Admin Clerk	-	-
	Spouse	J Jacobs	Department of Education - Eastern Cape	Personal Assistant to Chief Director	-	-
	Parent	SM Grobbelaar	Northern Cape Department of Cooperative Governance	Town and Regional Planner	-	-
	Spouse	PW Pansegrouw	Drakenstein Municipality	Senior Manager: Technical Services and Project Management	-	-
	Parent	BJ Kriegler	Cape Winelands District Municipality & Breede Valley Municipality	Councillor	-	-
	Parent	PC Vermeulen	City of Cape Town	Superintendent: Building Maintenance	-	-
	Spouse	ZC Venter	Department of Health - Eastern Cape	Deputy Director - Employment Relations	-	-
	Parent	A Heyns	Stellenbosch Municipality	Assistant Superintendent - Workshop Engineering	-	-
	Parent	JM Robertson	Ekurhuleni Metropolitan Municipality	Roads Engineer	-	-
	Wife	K Nadasen	National Department of Public Works	Director: Key Account Management	-	-
	Spouse	SM O'Connell	Sol Plaatje Municipality	Librarian	-	-
	Child	T Govender	Umgeni Water	Fleet Maintenance Administrator - Asset Management	-	-
	Spouse	WZ Erasmus	Cape Nature	Program Manager	-	-
	Spouse	HC Ahlschlager	Special Investigating Unit	Legal Representative	-	-
	Spouse	JH Higgs	SARS	Regional Manager	-	-
	Spouse	A Hougaard	Department of Correctional Services	Principal Network Controller	-	-
	Parent	AJ Moore	Department of Water Affairs	Chief Engineer	-	-
	Parent	PS Pretorius	Sol Plaatje Municipality	Chief Officer - Community Services	-	-
	Spouse	JH Riekert	SA Reserve Bank	Manager: Operations	-	-
	Sister	S Seegers	City of Cape Town	Head of Security Architecture	-	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****51. RELATED PARTY TRANSACTIONS (continued)****51.4 Other related party transactions (continued)**

Service Provider	Relation to Service Provider	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Value of Transaction 2019 R	Value of Transaction 2018 R
	Spouse	Dr M Skead	Nelson Mandela Bay Metropolitan University	Senior Manager	-	-
	Parent	R Tebane	Ekurhuleni Metropolitan Municipality	Executive Manager	-	-
	Spouse	J Tredoux	Department of Water Affairs	Deputy Director - Accounts Payable	-	-
	Father-in-law	M Van Rensburg	Eskom	Executive at Transmission Department		-
	Parent	J Wilkins	Correctional Services	Vice Director - Provincial		-
Blackbird 49	Spouse	Marlene Smit	Swartland Municipality	Clerk	63 800	155 950
Euraf Agencies CC	Spouse	Renate Fourie	Department of Correctional Services	Head: Finance and Procurement	140 865	90 535
F Bocks Construction	Spouse	Samantha Bocks	Department of Correctional Services	Correctional Services Official	126 159	-
Fairbridges Wertheim Becker	Brother	Shaheed Hofmeester	Department of Education	Teacher	44 485	19 428
	Father in Law	Henk Rauch	Petrosa	Programme Manager		-
Fonnies Enterprise	Sister	Tracy Adonis	Statistics South Africa	Data Capturer	185 430	-
	Brother	Alfonso Adonis	Metro EMS	Rescue Technician		-
Golden Rewards 1873 cc t/a Futasia Caterers	Spouse	Raynard De Jager	Department of Education	Teacher	121 245	-
Iomu Trading (Pty) Ltd	Spouse	AC Appollis	Department of Correctional Services	Correctional Officer	296 033	189 140
J Lawrence	Son	Bjorn	Swartland Municipality	General Worker	42 070	24 890
JPCE Consulting	Spouse	Johan Minnie	City of Cape Town	Head: Disaster Operations Centre	641 955	-
K and W Projects	Brother	Angelo De Bruyn	City of Cape Town	Civil engineer	79 850	36 520
Neil Lyners and Associates (Rf)	Sister	Hilary Lyners	WCGTPW	Chief Engineer	2 765 033	-
Petersen Tuindienste	Spouse	R Petersen	Department of Correctional Services	Correctional Officer	58 650	72 640
Roja Contractors & Traders CC	Son	Julrich	Swartland Municipality	General Worker	86 590	86 200
Swartland and West Coast Trading (Pty) Ltd	Spouse	Heinrich Marcus	Department of Health	Admin Clerk	59 898	-
Swartland Auto Care	Mother	Valery Mcquire	Swartland Municipality	Councillor	9 550	-
TP Dapula	Spouse	N Dapula	Department of Higher Educations	Deputy CEO	10 920	11 060
Terblanche Slabber Pieters Inc	Spouse	Madelaine Terblanche	Swartland Municipality	Director	260 046	85 667
WAB Printmedia	Spouse	Adelene Brink	Drakenstein Municipality	Clerk	25 417	10 177
Webber Wentzel	Brother	Eugene Watson	Road Accident Fund	CEO	1 319 445	-
	Mother	Esther Watson	Department of Public Service	Official		-
	Father	JCL Smit	Beaufort West Municipality	Director: Engineering Services		-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****51. RELATED PARTY TRANSACTIONS (continued)****51.4 Other related party transactions (continued)**

Service Provider	Relation to Service Provider	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Value of Transaction 2019 R	Value of Transaction 2018 R
	Father	D Singh	Department of Basic Education-KZN	Government Official		-
	Mother	P Singh	Department of Basic Education-KZN	Government Official		-
WJ Cotter Electrical CC	Father in Law	T van Essen	Swartland Municipality	Mayor	301 079	318 183
Zwaan Construction	Spouse	Aisha Zwaan	Swartland Municipality	Cashier	21 590	-

52. CONTINGENT LIABILITY

	2019 R	2018 R
Guarantees in favour of Eskom	70 900	70 900
Guarantees in favour of South African Post Office Limited	100 000	100 000
	170 900	170 900

Bank guarantees provided to Eskom for the supply of electricity to the Municipality for distribution amongst consumers. The guarantees are covered to a large extent by cash deposits recovered from the individual consumers of electricity within the municipal area.

A bank guarantee has been obtained from Standard Bank and issued to the SA Post Office which serves as security in respect of the payment for the monthly delivery of the municipal accounts.

The plaintiff, Mr MJ Philips instituted a claim in the Western Cape High Court on 25 May 2016 for compensation to be paid by Swartland Municipality, for alleged injuries suffered at Abbotsdale rugby field in the amount of R451 221.14. Pending the outcome of the case, the amount (if any) to be paid for compensation cannot be determined with sufficient reliability. Combined summons issued by plaintiff on 18 May 2016. Pleas filed during June 2016. Trial date set for 19 June 2019.

The plaintiff, Ms Samantha Demoreen Daniels instituted a claim in the High Court on behalf of her minor child for payment by Swartland Municipality of an amount of R5 000 000 (five million rand) plus interest thereon for loss of maintenance and support as a result of the death of Mr Sederic Owies, a former municipal employee during a shooting incident on 23 April 2013 whilst on duty. The claim against the Municipality is based on vicarious liability. Pending the outcome of the case, the amount (if any) to be paid for compensation cannot be determined with sufficient reliability. Matter pending. At 30 June 2016 not clear whether claimant is still going ahead with claim. No movement in matter since January 2015 after filing of special plea. Claimant's attorneys filed their Notice of Withdrawal during April 2019. This matter is now considered finalized.

The plaintiff, Ms Leah Elizabeth Kay instituted a claim in the High Court for payment by Swartland Municipality of an amount of R2 200 000 (Two million two hundred thousand rand) plus interest thereon for loss of maintenance and support as a result of the death of her son, Mr Sederic Owies, a former municipal employee during a shooting incident on 23 April 2013 whilst on duty. The claim against the Municipality is based on vicarious liability. Pending the outcome of the case, the amount (if any) to be paid for compensation cannot be determined with sufficient reliability. Matter still pending. Not clear whether claimant is still going ahead with claim. No movement in matter since January 2015 after filing of special plea. Claimant's attorneys filed their Notice of Withdrawal during April 2019. This matter is now considered finalized.

The plaintiff, Ads World (Pty) Ltd instituted a claim for payment of advertisement fees (corporate profiling) amounting to R39 950,00. Final demand letter for payment of R39 950,00 received on 26 June 2017, following the signing of a 'registration form' by the then acting municipal manager in January 2016. Claim disputed based on misrepresentation. No further developments since 30 June 2018. Council attorneys advised closing of file.

53. CONTINGENT ASSET

No contingent Assets to report.

54. IN-KIND DONATION AND ASSISTANCE

The municipality received services in-kind under voluntary or non-voluntary schemes which included free training, workshops and technical assistance from government departments and entities. These services in-kind have not been recognised as they were assessed not to be significant to the municipality's operations and/or basic service delivery objectives and are not measurable.

55. PRIVATE PUBLIC PARTNERSHIPS

The Municipality has as yet not entered into a public-private partnership agreement with any private party.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****56. EVENTS AFTER THE REPORTING DATE**

In terms of the service concession agreement, the local municipalities determine a tariff, in consultation with the WCDM, that allows the WCDM to recover the costs the WCDM incurs in the provisions of the bulk water services. The local municipalities also pay the WCDM and administrative fee of 10% of the operational costs which is also included in the tariff above. The calculation of the 2017/18 and 2018/19 surplus/deficit and its split between the municipalities was finalised and agreed on 23 August 2019 and regarded as an adjusting event after the reporting date. The Statement of Financial Position and Statement of Financial Performance have been adjusted to include the surplus amounting to R7 627 941.95

57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY**(a) i) Correction of error - Previous period transactions****Total of
correction 2018**

A number of errors in prior period transactions were discovered and corrected in the current financial period. These errors include incorrect property rate charges, faulty meter readings and levies in respect of service charges. These corrections have been applied retrospectively and the effects thereof are as follows:

Decrease / (increase) in Revenue from Non-exchange transactions**(99)***Property rates***(99)****Decrease / (increase) in Revenue from Exchange transactions****(199 327)***Service charges*

Electricity

(132 304)

Water

510 226

Sewerage

(477 657)

Refuse

(3 636)

Interest earned - outstanding debtors

Electricity

30

Refuse

4

Sporting and Other Bodies

105

Rent of facilities and equipment

Sport Grounds

3 158

Fines

Fines - Illegal Connections

(500)

Operational Revenue

Administrative Handling Fees

105

Cleaning and Removal

(59 632)

Discounts and Early Settlements

(7 517)

Cleaning and Removal

(31 709)

(Increase)/decrease in surplus for the year ended 30 June 2018**(199 426)****Increase/(decrease) in Receivables From Exchange transactions****199 327***Service debtors*

Electricity

132 274

Water

(518 340)

Sewerage

(43 738)

Refuse removal

3 632

Other

625 499

Increase/(decrease) in Receivables From Non-Exchange transactions**99***Property rates***99****(a) ii) Correction of error - Contrated Services**

During the current financial year invoices were received for services rendered in the prior financial period. The payments were made in the current financial period and erroneously accounted for as a current period transaction, for which a payable was not raised as at the end of the prior period. This error has being corrected retrospectively and the effects thereof are as follows:

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****Total of
correction 2018****(a) ii) Correction of error - Contrated Services (continued)****Increase/(Decrease) in Contracted Seivices****113 312**

Legal Cost: Legal Advice and Litigation

24 132

Business and Financial Management

84 680

Maintenance of Buildings and Facilities

4 500

Increase/(Decrease) in Operational Cost

Commission: Third Party Vendors

240

(Increase)/Decrease in Accumulated surplus 30 June 2017 (2016/17 opening balance)**35 749****(Increase)/Decrease in Surplus for the year ended 30 June 2018****113 312****(Increase)/decrease in Payables from exchange transactions****(149 301)***Trade Creditors***(149 301)****(a) iii) Correction of error - Operational Cost**

During the financial year it was discovered that in the prior a travel and subsistence was captured as a double entry in the expense. The costing was captured via the payroll system, but the payment from creditors was also captured against the expense, instead of the Advances: Salary and Wages

Increase/(Decrease) in Operational Cost*Travel and Subsistence: Own Transport*

(2 712)

(Increase)/Decrease in Surplus for the year ended 30 June 2018

(2 712)

(Increase)/decrease in Payables from exchange transactions**2 712***Other Creditors***2 712****(a) iv) Correction of error - Government grants and subsidies: Operating**

During the financial year it was discovered that the accounting treatment that was implemented in 2017/2018, in respect of the Housing grant, was incorrectly treated. This error has being corrected retrospectively and the effects thereof are as follows:

Increase/(Decrease) in Government grants and subsidies: Operating**10 439 824***Housing: Phyla Park*

2 158 362

Refurbishment of Municipal Flats

8 281 462

Increase/(Decrease) in Contracted Services**10 439 824***Topsructures***10 439 824****(a) v) Correction of error - Recognising the Provision For Landfill Sites**

During the current year a technical opinion was sought from a suitably experienced service provider to advise on who takes ownership in respect of the legal responsibility to rehabilitate council's landfill sites. It was found that the contract to transfer the obligations to service providers did not sufficiently mitigate the lawful requirement of the municipality to rehabilitate its landfill sites. Accordingly, all of the sites, whether active or inactive were investigated and found that several landfill sites should be accounted for in the records of the municipality. The effect on the provision for landfill sites are summarised below:

Adjustment to carrying value of Property, plant and equipment as at 30**21 786 679***Cost*

37 740 823

*Accumulated depreciation***(15 954 144)***(Decrease) in Other Movements for the period ended 30 June 2018*

(1 239)

(Decrease) in additions (work-in-progress) for Waste Management

(7 052 661)

(Increase) in Depreciation for the period ended 30 June 2018

(2 426 304)

Restatement of Property, Plant and Equipment as at 30 June 2018**12 306 476***Cost*

30 686 924

*Accumulated depreciation***(18 380 448)**

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****Total of
correction 2018****(a) v) Correction of error - Recognising the Provision For Landfill Sites (continued)****The above changes had the following effects:****Effect of Provisions****(Increase) in Provisions as at 30 June 2017 (Opening Balance)****(37 740 823)***Contributions to provision*

-

Increase/(Decrease) due to discounting

2 704 523

Expenditure incurred

7 052 661

Increase due to re-measurement

(2 703 285)

(Increase) in Provisions as at 30 June 2018**(30 686 924)****Effect on Depreciation***Increase in Depreciation for the period ended 30 June 2018*

2 426 304

Effect on Accumulated Surplus*Decrease in Accumulated Surplus as at 30 June 2017 (Opening Balance)***15 954 144****(a) vi) Correction of error - Heritage Assets not previously recognised**

During the current financial period, a asset was discovered which were not previously recognised and which did not appear on the asset register This error has been corrected retrospectively and the effects thereof are as follows:

(Increase)/Decrease in Accumulated surplus 30 June 2018 (2018/19 opening balance)**(350 000)****Increase/(decrease) in Heritage Assets 30 June 2018 (2018/19 opening balance)****350 000****Increase/(Decrease) in Depreciation and Amortisation**

-

(Increase)/Decrease in Surplus for the year ended 30 June 2018

-

Increase/(decrease) in Heritage Assets**350 000***Cost*

350 000

Accumulated depreciation

-

(a) vii) Correction of error - Items erroneously capitalised: Property Plant and Equipment (Land)

During the current financial period, it was discovered that certain items were incorrectly capitalised in prior years. This error has been corrected retrospectively and the effects thereof are as follows:

(Increase)/Decrease in Accumulated surplus 30 June 2018 (2018/19 opening balance)**2 457 006****Increase/(decrease) in Property Plant & Equipment on 30 June 2018 (2018/19 opening balance)****(2 457 006)****Increase/(decrease) in Property Plant and Equipment****(2 457 006)***Cost*

(2 457 006)

Accumulated depreciation

-

(a) viii) Correction of error - Items erroneously capitalised: Investment Property

During the current financial period, it was discovered that certain items were incorrectly capitalised in prior years. This error has been corrected retrospectively and the effects thereof are as follows:

(Increase)/Decrease in Accumulated surplus 30 June 2018 (2018/19 opening balance)**13 814 565****Increase/(decrease) in Investment Property on 30 June 2018 (2018/19 opening balance)****(13 814 565)****Increase/(Decrease) in Depreciation and Amortisation****(159 969)****(Increase)/Decrease in Surplus for the year ended 30 June 2018**

159 969

Increase/(decrease) in Investment Property**(13 654 596)***Cost*

(13 814 565)

Accumulated depreciation

159 969

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****Total of
correction 2018****(a) ix) Correction of error - Property, Plant and Equipment not previously recognised (Meters)**

During the current financial period, it was identified that water and electricity meters were not capitalised to the asset register. These meters are the property of the municipality. The correction of the capitalisation was performed assuming a reasonable average aging of the meters to account for the prior use of the meters. This error has been corrected retrospectively and the effects thereof are as follows:

(Increase)/Decrease in Accumulated surplus 30 June 2017 (2017/18 opening balance)	(15 036 211)
Increase/(decrease) in Property, plant and equipment 30 June 2017 (2017/18 opening balance)	24 422 508
(Increase)/decrease in Accumulated depreciation 30 June 2017 (2017/18 opening balance)	(9 386 297)
(Increase)/Decrease in Surplus for the year ended 30 June 2018	856 333
Increase/(decrease) in Property, plant and equipment 30 June 2018 (2017/18)	(856 333)
<i>Cost</i>	651 990
<i>Accumulated Depreciation</i>	(1 508 323)

(b) i) Adjustment of revenue and surplus for the year

	Previously reported	Amount of adjustment	Restated
REVENUE			
Revenue from Non-exchange Transactions	306 415 637	10 440 423	316 856 060
Taxation Revenue	102 723 525	99	102 723 624
<i>Property rates</i>	102 723 525	99	102 723 624
Transfer Revenue	167 227 036	10 439 824	177 666 860
<i>Government grants and subsidies: Operating</i>	28 996 582	10 439 824	39 436 406
<i>Government grants and subsidies: Capital</i>	56 742 562	-	56 742 562
<i>Unconditional Government grants</i>	70 560 000	-	70 560 000
<i>Public Contributions and Donations</i>	3 426 493	-	3 426 493
<i>Donated Property, Plant and Equipment</i>	7 501 399	-	7 501 399
Other Revenue from non-exchange transactions	36 465 076	500	36 465 576
<i>Fines</i>	32 630 623	500	32 631 123
<i>Licences and permits</i>	3 834 453	-	3 834 453
Revenue from Exchange Transactions	411 266 289	198 827	411 465 116
Operating Activities	411 266 289	198 827	411 465 116
<i>Service charges</i>	358 502 063	103 371	358 605 434
<i>Rental of facilities and equipment</i>	1 585 016	(3 158)	1 581 858
<i>Interest earned - external investments</i>	31 923 651	-	31 923 651
<i>Interest earned - outstanding debtors</i>	1 967 527	(139)	1 967 388
<i>Income for agency services</i>	4 051 972	-	4 051 972
<i>Operational Revenue</i>	13 236 060	98 753	13 334 813
Total Revenue	717 681 926	10 639 250	728 321 176
<i>Employee related costs</i>	181 157 114	-	181 157 114
<i>Remuneration of Councillors</i>	9 913 122	-	9 913 122
<i>Bad Debts Written Off</i>	11 920 819	-	11 920 819
<i>Depreciation and asset impairment</i>	80 097 691	3 774 658	83 872 349
<i>Finance charges</i>	15 512 425	-	15 512 425
<i>Bulk purchases</i>	178 604 273	-	178 604 273
<i>Other materials</i>	17 545 478	-	17 545 478
<i>Contracted services</i>	58 112 667	10 553 136	68 665 803
<i>Transfers and subsidies</i>	2 471 270	-	2 471 270
<i>Operational Costs</i>	25 117 219	(2 472)	25 114 747
<i>Loss on disposal of property, plant and equipment</i>	-	-	-
Total Expenditure	580 452 078	14 325 322	594 777 400
Operating Surplus/(Deficit) for the Year	137 229 848	(3 686 072)	133 543 776

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****Total of
correction 2018****(b) i) Adjustment of revenue and surplus for the year (continued)**

Reversal of Impairment Loss/(Impairment Loss) on Receivables	(16 371 216)	-	(16 371 216)
Gains/(Loss) on Sale of Fixed Assets	1 053 304	-	1 053 304
Gains/(Loss) on Sale of Land	7 988 576	-	7 988 576
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(1 249 955)	-	(1 249 955)
Water Losses	(3 592 978)	-	(3 592 978)

NET SURPLUS/(DEFICIT) FOR THE YEAR

125 057 579	(3 686 072)	121 371 507
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NET ASSETS**Accumulated Surplus 1 July 2017**

1 913 092 043	(953 682)	1 912 138 361
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Correction of error - Business and Financial Management

(35 749)

Correction of error - Landfill Sites

(15 954 144)

Correction of error - Meters

15 036 211

ASSETS AND LIABILITIES**Payables from Exchange transactions 1 July 2017**

66 416 756	35 749	66 452 505
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Nett effect on Property, Plant and equipment and Provisions 1 July 2017

-	917 933	917 933
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Total effect of adjustments to opening balances 1 July 2017

-

(b) (ii) Adjustment against surplus for the year ended 30 June 2018

125 057 579	(15 269 581)	109 787 998
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Total effect of adjustments against accumulated surplus as at 30 June 2018 (ii) and (iii)

1 999 566 391	(16 223 263)	1 983 343 128
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Receivables From Exchange Transactions

55 981 277	199 327	56 180 604
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*Service debtors**Electricity*

132 274

Water

(518 340)

Sewerage

(43 738)

Refuse removal

3 632

Other debtors

-

Other debtors

-

Other

625 499

Receivables From Non-Exchange Transactions

25 188 992	99	25 189 091
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Property Rates

99

Fines

-

Payables From Exchange Transactions

98 394 435	146 589	98 541 024
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Property, Plant and equipment

1 896 090 668	24 029 348	1 920 120 016
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Investment Property

53 602 760	(13 654 596)	39 948 164
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Heritage Assets

769 900	350 000	1 119 900
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Non-current liabilities

-	27 884 876	27 884 876
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Current Provisions

4 527 543	2 802 048	7 329 591
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SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****57. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****Total of
correction 2018****RECONCILIATION OF ADJUSTMENTS DUE TO PRIOR PERIOD ERRORS:****ASSETS****Current assets**

Cash and Cash Equivalents
Receivables from Exchange Transactions
Receivables from Non-Exchange Transactions
Inventory
VAT Receivable
Operating lease receivable
Current Portion of Long-term Receivables

Previously reported	Amount of adjustment	Restated
561 474 088	199 426	561 673 514
460 799 391	-	460 799 391
55 981 277	199 327	56 180 604
25 188 992	99	25 189 091
15 380 189	-	15 380 189
4 054 079	-	4 054 079
67 266	-	67 266
2 894	-	2 894

Non-current assets

Property, plant and equipment
Investment property
Heritage Assets
Intangible Assets
Long-term receivables

1 951 638 384	10 724 752	1 962 363 136
1 896 090 668	24 029 348	1 920 120 016
53 602 760	(13 654 596)	39 948 164
1 171 688	-	1 171 688
769 900	350 000	1 119 900
3 368	-	3 368

Total Assets

2 513 112 472	10 924 178	2 524 036 650
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RECONCILIATION OF ADJUSTMENTS DUE TO PRIOR PERIOD ERRORS: (continued)**LIABILITIES****Current liabilities**

Payables from exchange transactions
Consumer deposits
Current portion of Employee benefit liabilities
Current Portion of long-term borrowings
Unspent conditional grants and receipts
Provisions
Operating lease liability

133 585 544	2 948 637	136 534 181
98 394 435	146 589	98 541 024
11 775 133	-	11 775 133
3 192 779	-	3 192 779
9 358 721	-	9 358 721
6 252 694	-	6 252 694
4 527 543	2 802 048	7 329 591
84 239	-	84 239

Non-current liabilities

Long-term borrowings
Employee benefit liabilities
Provisions

198 789 297	27 884 876	226 674 173
131 003 914	-	131 003 914
67 785 383	-	67 785 383
-	27 884 876	27 884 876

Total Liabilities

332 374 841	30 833 513	363 208 354
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NET ASSETS**Total Net Assets**

Statutory Funds
Reserves
Accumulated Surplus

2 180 737 631	(19 909 335)	2 160 828 296
6 262	-	6 262
181 164 978	-	181 164 978
1 999 566 391	(19 909 335)	1 979 657 056

Total Net Assets and Liabilities

2 513 112 472	10 924 178	2 524 036 650
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APPENDIX A**SWARTLAND MUNICIPALITY**
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

	Loan Number	Redeemable	Balance at 30/06/2018	Received/ Transferred during the period	Interest capitalised during the period	Redeemed written off during the period	Balance 30/06/2019
EXTERNAL LOANS							
LONG- TERM LOANS							
Development Bank		29/12/2028	32 629 842	-	-	1 917 639	30 712 203
Development Bank		29/12/2023	1 261 870	-	-	183 597	1 078 273
Development Bank		31/12/2031	60 341 865	-	-	2 158 739	58 183 126
Sanlam		30/06/2031	29 775 328	-	-	1 118 330	28 656 998
West Coast District Municipality							
West Coast District Municipality: Development Bank 6100 7028		31/12/2022	5 400 000	-	-	1 198 020	4 201 980
West Coast District Municipality: Development Bank 6100 1005		30/06/2020	3 834 989	-	-	1 793 471	2 041 518
West Coast District Municipality: Development Bank 6100 1006		30/06/3020	1 025 315	-	-	495 646	529 669
West Coast District Municipality: ABSA		01/02/2021	6 093 426	-	-	1 820 644	4 272 782
Total Long- Term Loans			140 362 635	-	-	10 686 086	129 676 549
TOTAL EXTERNAL LOANS			140 362 635	-	-	10 686 086	129 676 549

APPENDIX B**SWARTLAND MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2019**

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Land													
Undeveloped Land	62 887 417		1 624 346		1 198 001	63 313 762	21 080	-	-	-	-	21 080	63 292 682
	62 887 417	-	1 624 346	-	1 198 001	63 313 762	21 080	-	-	-	-	21 080	63 292 682
Infrastructure													
Roads	906 966 556	-	14 812 628		41 400	921 737 784	490 123 604	-	23 563 452	-	24 837	513 662 219	408 075 565
Sanitation	695 333 657	-	6 553 691	2 203 218	-	704 090 566	306 541 595	-	15 599 191	-	-	322 140 786	381 949 780
Stormwater	223 761 404	-			-	223 761 404	90 889 937	-	4 539 403	-	-	95 429 340	128 332 064
Electricity													
Capital Spares	6 862 613	-			-	6 862 613	661 995	-	211 691	-	-	873 686	5 988 927
HV Transmission Conductors	1 536 706	-	-		-	1 536 706	289 194	-	36 096	-	-	325 290	1 211 416
LV Networks	98 270 774	-	4 967 087		1 688	103 236 173	43 307 550	-	2 650 199	-	-	45 957 749	57 278 424
MV Networks	353 982 266	-	6 283 421		53 147	360 212 540	170 257 179	-	7 007 984	-	44 007	177 221 156	182 991 384
MV Substations	92 973 318	-	2 945 014		3 051 989	92 866 343	37 130 777	-	1 868 255	-	1 867 599	37 131 433	55 734 910
MV Switching Station	41 948 508	-			-	41 948 508	17 846 314	-	1 149 863	-	-	18 996 177	22 952 331
Power plants	48 976	-			-	48 976	14 921	-	2 631	-	-	17 552	31 424
25074498.12													
Water													
Reservoirs	139 251 218	-			506 420	138 744 798	65 544 051	-	2 301 427	-	-	67 845 478	70 899 320
Boreholes	355 643	-			-	355 643	152 904	-	14 388	-	-	167 292	188 351
Bulk Mains	22 088 074	-			-	22 088 074	1 726 241	-	1 197 052	-	-	2 923 293	19 164 781
Dams an weirs	30 855 234	-			-	30 855 234	28 387 044	-	265 815	-	-	28 652 859	2 202 375
Distribution	627 427 334	-	3 254 310	12 120 648	342 713	642 459 579	337 375 151	-	10 206 584	-	390 117	347 191 618	295 267 961
Pump stations	17 359 345	-			-	17 359 345	9 389 554	-	547 519	-	-	9 937 073	7 422 272
Water Treatment Works	4 957 805	-			-	4 957 805	3 061 984	-	151 420	-	-	3 213 404	1 744 401
Solid Waste													
Landfill Sites	10 385 042	-	34 600	121 970	229 168	10 312 444	6 014 912	-	353 488	-	188 186	6 180 214	4 132 230
	37 739 585	-	2 781 794	-	-	40 521 379	18 380 448	-	2 890 587	-	-	21 271 035	19 250 344
	3 312 104 058	-	41 632 545	14 445 836	4 226 525	3 363 955 914	1 627 095 355	-	74 557 045	-	2 514 746	1 699 137 654	1 664 818 260

APPENDIX BSWARTLAND MUNICIPALITYANALYSIS OF INVESTMENT PROPERTY, INTANGIBLE AND HERITAGE ASSETS AS AT 30 JUNE 2019

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers i.t.o. mSCOA	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Community Assets													
Community Assets	191 565 957	-	4 326 128	16 040 030	90 222	211 841 893	113 727 803	-	3 871 205	-	83 866	117 515 142	94 326 751
Libraries	44 445 293	-	-	-	-	44 445 293	33 268 030	-	502 883	-	-	33 770 913	10 674 380
	236 011 250	-	4 326 128	16 040 030	90 222	256 287 186	146 995 833	-	4 374 088	-	83 866	151 286 055	105 001 131
Movable Assets													
Machinery and Equipment	23 673 066	-	1 135 550		357 488	24 451 128	12 718 767	-	1 503 520	-	312 779	13 909 508	10 541 620
Furniture and Office Equipment	8 143 327	-	491 758		97 459	8 537 626	5 815 678	-	493 498	-	78 236	6 230 940	2 306 686
Transport Assets	49 701 678	-	9 006 370		2 438 110	56 269 938	17 021 126	-	2 965 031	-	1 415 203	18 570 954	37 698 984
Computer Equipment	11 560 587	-	787 139		317 783	12 029 943	7 666 939	-	847 285	-	284 243	8 229 981	3 799 962
	93 078 658	-	11 420 817	-	3 210 840	101 288 635	43 222 510	-	5 809 334	-	2 090 461	46 941 383	54 347 252
Other Assets													
Municipal Buildings	151 589 775	-	-	-	385 680	151 204 095	118 216 364	-	1 712 178	-	177 417	119 751 125	31 452 970
	151 589 775	-	-	-	385 680	151 204 095	118 216 364	-	1 712 178	-	177 417	119 751 125	31 452 970
Total: Property, Plant and Equipment	3 855 671 158	-	59 003 836	30 485 866	9 111 268	3 936 049 592	1 935 551 142	-	86 452 645	-	4 866 490	2 017 137 297	1 918 912 295

APPENDIX B**SWARTLAND MUNICIPALITY****ANALYSIS OF INVESTMENT PROPERTY, INTANGIBLE AND HERITAGE ASSETS AS AT 30 JUNE 2019**

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers i.t.o. mSCOA	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Investment Properties													
Dwellings	4 647 311	-			-	4 647 311	3 398 072	-	11 952	-	-	3 410 024	1 237 287
Undeveloped Land	38 700 361	-	5 919 480		764 600	43 855 241	1 436	-	-	-	-	1 436	43 853 805
Intangible Assets													
Computer Software	4 907 284	-	207 073		-	5 114 357	3 923 714	-	193 729	-	-	4 117 443	996 914
Servitudes and Land Rights	188 118	-			-	188 118	-	-	-	-	-	-	188 118
Heritage Assets													
Historical Buildings	586 266	-			-	586 266	-	-	-	-	-	-	586 266
Monuments	181 000	-			-	181 000	-	-	-	-	-	-	181 000
Work of Art	352 634	-			-	352 634	-	-	-	-	-	-	352 634
Total	49 562 974	-	6 126 553	-	764 600	54 924 927	7 323 222	-	205 681	-	-	7 528 903	47 396 024
Grand Total	3 905 234 132	-	65 130 389	30 485 866	9 875 868	3 990 974 519	1 942 874 364	-	86 658 326	-	4 866 490	2 024 666 200	1 966 308 319

APPENDIX C

SWARTLAND MUNICIPALITY
SEGMENTAL ANALYSIS OF ASSETS AT 30 JUNE 2019

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Occupational Health and Safety	86 025		1 625	-	403	87 247	41 481		5 728	-	336	46 873	40 374
Administration Civil	1 061 212		28 950	-	12 642	1 077 520	363 907		60 159	-	9 212	414 854	662 666
Administration Development Services	1 243 214		3 188	-	5 937	1 240 465	584 158		35 991	-	5 604	614 545	625 920
Administration Corporate Services	6 197 654		2 321 914	-	29 661	8 489 907	2 721 088		33 302	-	21 788	2 732 602	5 757 305
Administration Financial Services	8 070 595		548 440	-	364 137	8 254 898	6 251 461		375 324	-	248 748	6 378 037	1 876 861
Administration Municipal Manager	67 985		1 761	-	-	69 746	38 491		7 287	-	-	45 778	23 968
Administration Protection Services	9 405		10 088	-	-	19 493	8 198		403	-	-	8 601	10 892
Building Control	79 006		1 976	-	-	80 982	49 183		8 048	-	-	57 231	23 751
Caravan Park - Yzerfontein	508 622		-	1 184 636	700	1 692 558	169 032		16 804	-	667	185 169	1 507 389
Cemeteries	6 587 787		788 217	-	-	7 376 004	4 527 815		221 160	-	-	4 748 975	2 627 029
Community Development	646 476		-	-	3 613	642 863	26 279		3 159	-	2 923	26 515	616 348
Council	495 725		9 999	-	-	505 724	200 621		44 982	-	-	245 603	260 121
Planning and Valuation	81 502		6 870	-	2 975	85 397	60 979		4 984	-	2 514	63 449	21 948
Electricity Distribution	602 704 192		15 345 008	-	3 337 993	614 711 207	274 809 586		13 619 279	-	2 050 065	286 378 800	328 332 407
Fire Fighting	2 454 529		3 256 395	-	239 522	5 471 402	959 771		102 514	-	178 246	884 039	4 587 363
Housing	48 049 471		11 621	3 344 108	-	51 405 200	3 253 823		1 119 677	-	-	4 373 500	47 031 700
Human Resources	57 139		5 181	-	16 620	45 700	38 444		3 197	-	15 157	26 484	19 216
Internal Audit	24 407		-	-	-	24 407	8 198		4 146	-	-	12 344	12 063
IT Services	9 897 458		794 968	-	192 706	10 499 720	5 673 522		944 576	-	164 968	6 453 130	4 046 590
Libraries	9 775 031		54 735	-	9 879	9 819 887	2 082 106		484 237	-	8 914	2 557 429	7 262 458
Licencing and Traffic Services	2 712 559		421 425	-	149 505	2 984 479	1 731 380		83 400	-	90 957	1 723 823	1 260 656
Multi- Purpose Centre	50 991		212 453	-	13 889	249 555	32 170		21 403	-	11 859	41 714	207 841
Municipal Property	376 502 259		5 165 777	1 391 331	1 987 937	381 071 430	215 694 359		3 330 313	-	16 679	219 007 993	162 063 437
Parks and Recreational Areas	16 839 308		751 172	10 119 954	54 415	27 656 019	5 552 597		547 810	-	47 698	6 052 709	21 603 310
Policing and Law Enforcement	3 334 253		1 726 075	-	261 102	4 799 226	1 421 592		412 946	-	192 964	1 641 574	3 157 652
Refuse Removal	78 933 584		5 141 671	121 970	2 082 733	82 114 492	37 094 539		4 390 271	-	1 228 344	40 256 466	41 858 026
Sewerage	698 945 867		6 773 296	2 203 218	16 287	707 906 094	310 351 985		15 980 411	-	15 161	326 317 235	381 588 859
Sportgrounds	69 835 534		3 040 925	-	-	72 876 459	36 013 232		1 637 039	-	-	37 650 271	35 226 188
Supply Chain Management	25 564		8 766	-	2 048	32 282	12 322		4 672	-	2 048	14 946	17 336
Streets and Stormwater	1 118 581 041		15 086 149	-	224 691	1 133 442 499	585 560 891		28 278 305	-	149 004	613 690 192	519 752 307
Swimming Pools	19 223		-	-	-	19 223	15 646		587	-	-	16 233	2 990
Tourism	15 036		-	-	-	15 036	12 778		596	-	-	13 374	1 662
Town and Community Halls	300 872		27 210	-	5 100	322 982	156 532		25 532	-	2 159	179 905	143 077
Water Services	841 040 606		3 584 534	12 120 649	861 373	855 884 416	447 356 198		14 850 084	-	400 475	461 805 807	394 078 609
TOTAL	3 905 234 132	-	65 130 389	30 485 866	9 875 868	3 990 974 519	1 942 874 364	-	86 658 326	-	4 866 490	2 024 666 200	1 966 308 319

APPENDIX D**SWARTLAND MUNICIPALITY****SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

2018	2018	2018		2019	2019	2019
Restated	Restated	Restated		Actual	Actual	Surplus/
Actual	Actual	Surplus/		Income	Expenditure	(Deficit)
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
R	R	R		R	R	R
769 585	27 814 055	(27 044 470)	Executive and Council	1 047 802	34 808 230	(33 760 428)
181 225 323	90 955 444	90 269 879	Finance and Administration	201 963 611	74 257 192	127 706 419
3 819 279	15 150 812	(11 331 533)	Planning and Development	4 000 482	12 817 375	(8 816 893)
8 930 987	17 685 842	(8 754 855)	Community and Social Services	15 631 355	19 519 662	(3 888 307)
31 601 863	2 059 836	29 542 027	Housing	31 533 638	30 396 093	1 137 545
33 450 511	49 724 265	(16 273 754)	Public Safety	38 751 697	59 367 654	(20 615 957)
11 279 945	19 311 520	(8 031 575)	Sport and Recreation	9 599 405	22 114 129	(12 514 724)
-	-	-	Environmental Protection	-	-	-
72 053 971	43 192 309	28 861 662	Waste Water Management	71 057 995	43 391 295	27 666 700
37 111 187	31 940 447	5 170 740	Waste Management	40 726 818	32 967 711	7 759 107
33 701 636	74 948 456	(41 246 820)	Road Transport	20 671 874	72 601 581	(51 929 707)
72 731 538	45 682 235	27 049 303	Water	92 803 800	54 693 104	38 110 696
251 484 262	198 323 361	53 160 901	Electricity	274 063 004	232 381 220	41 681 784
738 160 087	616 788 582	121 371 505	Total	801 851 481	689 315 246	112 536 235

APPENDIX E**SWARTLAND MUNICIPALITY****DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003****Grant and Subsidies Received**

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act
		September	December	March	June	September	December	March	June	September	December	March	June		
															Yes / No
Community Safety: K9 Unit	Provincial Department of Community Safety	-	-	4 000 000	-	-	-	-	12 785						
Community Development Workers	Provincial Department of Local Government	-	-	-	-	-	2 700	2 800	7 250	-	-	-	-	None	Yes
Emergency Fire Kits	Provincial Department of Human Settlements	-	-	-	-	-	-	-	191 565	-	-	-	-	None	Yes
Energy Efficiency And Demandside Management		1 500 000	1 000 000	500 000	-	180 205	517 689	974 176	1 327 930						
Equitable Share	National Department of Cooperative Governance and Traditional Affairs	34 187 000	27 349 000	20 512 000	-	34 187 000	27 349 000	20 512 000	-	-	-	-	-	None	Yes
Extended Public Works Programme	National Department of Public Works	394 000	707 000	471 000	-	487 337	606 237	444 035	34 391	-	-	-	-	None	Yes
Financial Management Support Grant: Caseware	Provincial Department of Finance	-	-	-	-	-	-	27 600	45 471	-	-	-	-	None	Yes
Financial Management Support Grant: SCOA	Provincial Department of Finance	-	330 000	-	-	-	-	-	330 000	-	-	-	-	None	Yes
Financial Management Support Grant: Student Bursaries	Provincial Department of Finance	-	360 000	-	-	1 508	-	153 533	66 763	-	-	-	-	None	Yes
Financial Management Support Grant: Risk Management	Provincial Department of Finance	-	100 000	-	-	-	-	-	54 678	-	-	-	-	None	Yes
Graduate Internship Grant		-	-	72 000	-	-	-	-	10 919						
Housing Phola Park	Provincial Department of Human Settlements	340 461	-	236 974	-	396 860	-	-	274 169	-	-	-	-	None	Yes
Housing Riebeeck Wes	Provincial Department of Human Settlements	-	-	13 641 054	15 007 518	-	-	6 949 580	17 688 040	-	-	-	-	None	Yes
Housing Project: Riebeeck Kasteel	Provincial Department of Human Settlements	-	-	870 103	-	-	677 017	364 547	840 089						
Housing Project Kalbaskraal	Provincial Department of Human Settlements	-	-	167 814	-	-	191 667	103 205	217 296						
Housing Project Sibanye-Moorreesburg	Provincial Department of Human Settlements			950 287		-	-	-	950 287						

APPENDIX E**SWARTLAND MUNICIPALITY****DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003(continued)****Grant and Subsidies Received**

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act
		September	December	March	June	September	December	March	June	September	December	March	June		Yes / No
Integrated National Electrification Programme	National Department of Energy	2 000 000	2 000 000	-	-	858 033	1 082 857	2 009 760	49 351	-	-	-	-	None	Yes
Library	Provincial Department of Cultural Affairs and Sport	2 809 667	2 809 667	2 809 666	-	1 676 386	2 073 699	2 007 980	2 670 936	-	-	-	-	None	Yes
Local Government Financial Management Grant	National Treasury	1 550 000	-	-	-	210 836	204 073	233 344	901 747	-	-	-	-	None	Yes
Local Government Seta	Local Government Seta	-	174 104	51 658	122 419	-	348 181	-	-	-	-	-	-	None	Yes
Municipal Infrastructure Grant	National Department of Cooperative Governance and Traditional Affairs	7 000 000	7 860 000	10 085 000	-	3 498 588	10 486 267	1 898 569	9 061 575	-	-	-	-	None	Yes
Municipal Accreditation And Capacity Building		-	-	-	224 000	-	-	-	-	-	-	-	-		
Proclaimed Roads Subsidy	Provincial Department of Transport and Public Works	-	-	9 534 000	-	-	368 371	7 770 493	1 395 137	-	-	-	-	None	Yes
Purchase of Land: Kalbaskraal	Provincial Department of Housing	-	-	-	-	-	1 324 403	584 061	244 843	-	-	-	-	None	Yes
Regional Socio - Economic Project (RSEP)	Provincial Department of Environmental Affairs and Development Planning	-	2 500 000	2 000 000	-	249 415	2 414 191	1 328 903	4 323 605	-	-	-	-	None	Yes
Sondeza	Provincial Department of Local Government	-	-	-	91 910	-	91 910	-	-	-	-	-	-	None	Yes
Title Restoration: Housing Projects	Provincial Department of Human Settlements	-	-	-	245 000	-	-	-	-	-	-	-	-	None	Yes
Rebuilding Of 4 Damaged Thusong Centre Refurbishment		-	375 000	-	-	-	-	-	277 748						
		-	106 000	-	-	-	-	-	106 000						
Total		49 781 128	45 670 771	65 901 556	15 690 847	41 746 168	47 738 262	45 364 586	41 082 575	-	-	-	-		

*** Reasons for non- compliance**

Not all expenditure was utilised in this financial year. The funding will be utilised in the next financial year.



Swartland Municipality's head offices
are located in Church Street,
Malmesbury.

Our office hours are:
Monday to Thursday:
8:00 - 13:00, 13:45 - 17:00
Friday:
8:00 - 13:00, 13:45 - 15:45

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